Niche Capital Emas

NICHE CAPITAL EMAS HOLDINGS BERHAD

(527272-V)

2019

annual report

Niche Capital Emas

NICHE CAPITAL EMAS HOLDINGS BERHAD

(527272-V)

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Corporate Structure

Niche Capital Emas Holdings Berhad
(527272-V)

100%
NICHE CAPITAL (HK) LIMITED
[1660356]
Trading of jewellery and jadeite stones

100%
NICHE DIAMOND SDN BHD
[724634-K]
Retail of jewellery products

100%
NICHE EXPRESS GOLD SDN BHD
[428018-P]
Processing and wholesale of jewellery, precious stones and precious metals

100%
WAWASAN PASIFIKA SDN BHD
[1126488-U]
Dormant

100%
JADEKEY BRIDGE SDN BHD
[974742-H]
Dormant

Corporate Information

BOARD OF DIRECTORS

DATUK KHAIRUL IDHAM BIN ISMAIL
Independent Non-Executive Chairman

NG CHIN NAM
Senior Independent Non-Executive Director

JULIAN FOO KUAN LIN
Executive Director & Chief Executive Officer

DATO' TAN SEK YIN
Independent Non-Executive Director

MAH WENG KEE
Non-Independent Non-Executive Director

TONG SIUT MOI
Independent Non-Executive Director

AUDIT COMMITTEE
Ng Chin Nam *(Chairman)*
Datuk Khairul Idham Bin Ismail
Dato' Tan Sek Yin
Tong Siut Moi

NOMINATING & REMUNERATION COMMITTEE
Ng Chin Nam *(Chairman)*
Datuk Khairul Idham Bin Ismail
Dato' Tan Sek Yin
Tong Siut Moi

RISK MANAGEMENT COMMITTEE
Ng Chin Nam *(Chairman)*
Datuk Khairul Idham Bin Ismail
Dato' Tan Sek Yin
Tong Siut Moi

COMPANY SECRETARY
Ong Tze-En (MAICSA 7026537)

REGISTERED OFFICE
170-09-01, Livingston Tower
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Pulau Pinang, Malaysia
Phone No. : +604-229 4390
Fax No. : +604-226 5860

SHARE REGISTRAR
AGRITEUM Share Registration Services Sdn. Bhd.
(578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 George Town, Penang, Malaysia
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Fax No. : +604-227 2391

CORPORATE OFFICE
Unit 3.1, 3rd Floor, Wisma Leader
No.8 Jalan Larut
10050 George Town, Penang
Malaysia
Phone No. : +604-229 8108
Fax No. : +604-229 7108

AUDITORS
UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad (Main Market)
Stock Name : NICE
Stock Code : 7139

WEBSITE
www.nichecapital.com.my

Profile of Directors

DATUK KHAIRUL IDHAM BIN ISMAIL

Malaysian, Male, Aged 43, Independent Non-Executive Chairman

Datuk Khairul Idham Bin Ismail was appointed as an Independent Non-Executive Director of Niche Capital Emas Holdings Berhad ("NICE" or "the Company") on 26 May 2015. He was subsequently appointed as the Chairman of the Board of Directors ("Board") of NICE on 29 May 2017. He is also a member of the Audit Committee, Nominating & Remuneration Committee and Risk Management Committee of the Company.

Datuk Khairul was called to the Malaysian Bar in September 2000. He holds a LLB (2nd Class Upper Division) from King's College, London and a Certificate in Legal Practice (C.L.P.) from the Legal Profession Qualifying Board of Malaysia.

Datuk Khairul started his legal career with Messrs David Chong & Co in 2000 before joining the Corporate Secretarial and Legal Department of MMC Corporation Berhad in January 2003. He joined Messrs Naqiz & Partners in 2006 and was promoted as Managing Partner in 2015. His expertise in the legal industry includes all corporate & commercial matters, capital markets, Islamic banking & finance, construction and real estate transactions, infrastructure and projects, corporate restructuring, public-private partnerships, privatisation initiatives and intellectual property.

He attended all six Board meetings held during the financial year ended 30 June 2019.

JULIAN FOO KUAN LIN

Malaysian, Male, Aged 34, Executive Director & Chief Executive Officer/Key Senior Management

Mr Julian Foo Kuan Lin was appointed as an Executive Director of NICE on 16 November 2015 and re-designated as the Chief Executive Officer on 1 September 2017. He graduated with a MA in Finance from the Heriot-Watt University, United Kingdom, in 2009.

Upon graduation, he joined a construction and trading company for about two years and thereafter served in various finance and operations positions with several other companies involved in property development and real estate investment for about five years.

Mr Julian Foo has accumulated over ten years of professional experience in creating business values. He sits on the Board of certain subsidiaries and other private companies. He is also a major shareholder of the Company.

He attended all six Board meetings held during the financial year ended 30 June 2019.

MAH WENG KEE

Malaysian, Male, Aged 57, Non-Independent Non-Executive Director/Key Senior Management

Mr Mah Weng Kee was appointed to the Board as Managing Director on 27 November 2012 and re-designated as Executive Director on 16 November 2015. On 1 September 2017, he was re-designated as Non-Independent Non-Executive Director.

Mr Mah holds a Bachelor of Arts degree from York University, Toronto, Canada. He returned to Malaysia upon graduation and joined Malaysia Packaging Industries Sdn. Bhd. In 1991, he joined Wah Chan Group of companies as a Business Development Manager. This would be his first foray into the gold and luxury goods industry. After his accomplishment in Wah Chan Group, he joined Woo Hing Brothers Berhad as a General Manager before assuming the role as the Managing Director until 2003.

Mr Mah's experience in the gold and luxury goods industry had led him to buy out Woo Hing's luxury goods and watches division in 2004. The venture was run privately together with Sisma Group. He was the Executive Director of Woo Hing KL Sdn Bhd and was involved in the industry until 2011. He also sits on the Board of several private companies.

He attended all six Board meetings held during the financial year ended 30 June 2019.

NG CHIN NAM

Malaysian, Male, Aged 49, Senior Independent Non-Executive Director

Mr Ng Chin Nam was appointed to the Board as an Independent Non-Executive Director on 12 June 2009. Subsequently, he was appointed as Senior Independent Non-Executive Director on 9 November 2011. He is the Chairman of the Audit Committee, Nominating & Remuneration Committee and Risk Management Committee.

Mr Ng started his career in 1992 in a manufacturing environment. After obtaining his professional qualification from Chartered Institute of Management Accountants (CIMA), he joined an international audit firm in 1997 before leaving in 2000 and to head the finance department of a public listed company until 2012.

Mr Ng is currently the Executive Director of Atta Global Group Berhad and is also an Independent Non-Executive Director of Asia File Corporation Bhd. He also sits on the Board of several private companies. He has more than twenty-five years of professional experience in the fields of accounting, auditing, taxation and corporate finance.

He attended all six Board meetings held during the financial year ended 30 June 2019.

DATO' TAN SEK YIN
Singaporean, Male, Aged 62, Independent Non-Executive Director

Dato' Tan Sek Yin was appointed to the Board as an Independent Non-Executive Director on 1 December 2007 and re-designated as an Executive Director on 3 May 2008. He assumed the title of CEO on 28 May 2009, a position he held until 30 December 2011. Upon stepping down, Dato' Tan was re-designated as a Non-Independent Non-Executive Director. On 30 May 2014, he was re-designated as an Independent Non-Executive Director. He is also a member of the Audit Committee, Nominating & Remuneration Committee and Risk Management Committee of the Company.

He holds a MA in Corporate and Manpower Studies and a BSc (Honours) in Economics and Accountancy from City University, UK.

Dato' Tan has more than thirty years of involvement in the cement industry with particular focus on financial, marketing, operations and general management. He was an Executive Director of Tasek Corporation Bhd from 1986 to 2004. From 1990 to 2005, he was a Director of Cement Industries Sabah, overseeing the technical and marketing functions. From 1989 to 2007, Dato' Tan was appointed a Director in Jurong Cement Ltd, a cement manufacturing plant based in Singapore.

Dato' Tan has been involved in precious metals and stones industry with interest in gold and jade. He is currently the CEO of Top Gold Resources Sdn Bhd, an investment holding company. Since 1991, he has been a member of the Board of Trustees of the Yayasan Sultan Idris Shah in Perak, a not-for-profit foundation focussed on enhancing quality of life for children and people with physical disabilities.

Dato' Tan also sits on the board of several private limited companies.

He attended five out of six Board meetings held during the financial year ended 30 June 2019.

TONG SIUT MOI
Malaysian, Female, Aged 49, Independent Non-Executive Director

Ms Tong Siut Moi was appointed as an Independent Non-Executive Director on 17 August 2016. She is also a member of the Audit Committee, Nominating & Remuneration Committee and Risk Management Committee of the Company.

She qualified as a Chartered Secretary following completion of the ICSA professional examinations and was admitted as an Associate member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) since 1996.

Ms Tong has more than twenty-six years of professional experience in corporate secretarial advisory and senior management gathered from both commercial and advisory environments. She is currently an Executive Director of CKM Advisory Sdn Bhd, a company that focuses on providing specialised training relating to Bursa Malaysia Securities Berhad's Main and ACE Markets Listing Requirements to Directors and senior management of public listed companies, investment bankers and company secretaries.

Ms Tong is also an Independent Non-Executive Director of Kejuruteraan Asastera Berhad.

She attended all six Board meetings held during the financial year ended 30 June 2019.

Notes:
- None of the Directors has any family relationship with any Director and/or Major Shareholder of the Company.
- None of the Directors has any conflict of interest with NICE Group other than as disclosed in the notes to the financial statements.
- None of the Directors has any conviction for offences within the past five years other than traffic offences.
- None of the Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

1.0 Overview of the Group's Business and Operations

1.1. Business and Operation Overview

Niche Capital Emas Holdings Berhad ("NICE"), is an investment holding company and has been listed on the Main Market of Bursa Malaysia Securities Berhad since 4 June 2002. NICE group of companies consists of four (4) subsidiaries in Malaysia and a subsidiary in Hong Kong Special Administration Region ("HK SAR"). Three (3) of NICE's subsidiaries are involved in various segments of the jewellery industry whilst the other two (2) subsidiaries are currently dormant.

Our jewellery products are segmented into jadeite jewellery, gem-set jewellery and jadeite carvings. Jadeite jewellery products encompass bangles, pendants, earrings, rings and bracelets which may include diamond and gemstones set in gold or silver. All our products that incorporate diamond and gemstones (which also include coloured stones and pearls) are called gem-set jewellery and are set in gold or silver.

1.2. Business and Operation Strategy

NICE offers a wide range of jewellery products encompassing jewellery made from different valuable materials and aimed to cater different segments of the consumer market, spanning from mass market products to high-end products. Our product designs range from classical designs (traditional motifs on jade carvings) to contemporary designs with jewellery incorporating diamonds and gemstones in silver or gold setting.

Such a broad product range aimed to cater to the needs of our customers through the stages of their life. Some of our products have relatively lower selling prices and are targeted at the younger generation consumers; which we believe will help to expand our customer base and cultivate our relationship to upscale them when they reach affordability level of the next generation of customers.

In addition to allowing us to capitalise on the growth opportunities arising from a wide spectrum of products, we believe that offering products at different price levels and catering to customers at different life stages will contribute to the sustainability of our business in the long-term.

As we continue to believe in the potential demand for jadeite stones as well as jadeite jewellery in the jewellery market, NICE continue to adopt the following key strategies during financial year ended 30 June 2019 ("FYE 30 June 2019"); strategies which were first introduced last year:-

(a) *Integrated Business Model*

NICE's vision is to build an effective vertically integrated business model that gives us centralised, tight control over our processes from raw material procurement, design, production and marketing to sales through our retail and wholesale network. Our vertical integration allows us to monitor and control the quality of our products, respond quickly to our customers' needs and preferences, and serves as the backbone for our future growth. We also benefit from operational efficiencies that often translate into more competitive pricing for our products, which benefits our customers as well as attracts more customers, both new and repeat customers, to buy our products.

(b) *Jewellery Tourism*

Tourism will become an important retail development strategy for NICE. The management recognised the spending potential of tourists, whether they are visiting or passing through and to most tourists, shopping is an important part of the tourism experience and NICE will develop our main retail business to complement that experience. Further, having tourists as our target market means our potential customer base is much larger than the traditional market of local residents. As opposed to a conventional retail business, the concept for our flagship retail outlet will be jewellery-centric and as tourist attraction destination with a rejuvenated shopping experience.

1.0 Overview of the Group's Business and Operations (cont'd)

1.2. Business and Operation Strategy (cont'd)

(c) Brand Building

NICE recognises the importance of having strong branding in the jewellery industry. The Group has and will continue to dedicate a significant amount of resources to nurture and build its retail and e-commerce brands, which cater to distinct market segments. We are in midst of implementing a multi-brand strategy to target new customer segments as part of the drive to grow market share and diversify our product portfolio.

(d) Innovative Work Culture

NICE will continuously build working teams that are dedicated to a culture of innovation with primary focus on creating great customer experiences, spearhead development of new products and brand development strategy. This innovative spirit is also essential in strengthening our ability to attract and retain the right talent to contribute to the sustainable development of the Group.

2.0 Discussion and Analysis of the Financial Results and Financial Condition

For FYE 30 June 2019, NICE Group recorded a revenue of RM8.90 million, representing a 32% decrease compared to RM13.16 million recorded in FYE 30 June 2018 with the decrease mainly attributed to weakening economy and market demand.

NICE recorded a gross profit of RM2 million compared to RM4.92 million in FYE 30 June 2018. The gross profit margin reduced to 22.4% from 37.3% in the previous financial year mainly due to lower contributions from higher margin products, higher discount given to customers to boost sales during the financial year and fluctuation in foreign currencies, mainly the Chinese Reminbi against Ringgit Malaysia.

The Group incurred loss before tax of RM1.20 million compared to profit before tax of RM1.25 million recorded in the preceding FYE 30 June 2018. The decline into loss was mainly due to lower sales and lower gross profit as well as higher operating expenses.

The current assets of NICE Group stood at RM37.15 million against RM28.65 million for FYE 30 June 2018. The increase in current assets is contributed by injection of capital by shareholders pursuant to a corporate exercise completed during the financial year.

3.0 Significant Corporate Developments

3.1. Proposed Corporate Exercise

On 10 August 2017, Mercury Securities Sdn Bhd ("Mercury Securities") had, on behalf of the Board, announced that the Company would undertake the Proposals comprising the Proposed Rights Issue with Warrants and Proposed Capitalisation as detailed below:

(i) the Proposed Rights Issue with Warrants entailed a renounceable rights issue of up to 1,332,151,400 Rights Shares on the basis of 4 Rights Shares for every 1 existing NICE Share held on the Entitlement Date, together with up to 666,075,700 Warrants on the basis of 2 Warrants for every 4 Rights Shares subscribed for at an issue price of RM0.045 per Rights Share; and

(ii) the Proposed Capitalisation entailed the settlement of RM54,003,850 in aggregate of the amount owing to the Creditors of NCL via the issuance of 1,080,077,000 Settlement Shares by NICE at an issue price of RM0.05 per Settlement Share.

Subsequently, on 14 May 2018, Mercury Securities had, on behalf of the Board, announced that:

(i) the conditions precedent of the Settlement Agreements had not been fulfilled within the period stipulated therein. As such, the Settlement Agreements have, ipso facto, been terminated effective 10 May 2018 and thus, the Company would not be proceeding with the Proposed Capitalisation; and

(ii) the Company intended to proceed with the Proposed Rights Issue with Warrants, subject to revision in view of the termination of the Settlement Agreements.

3.0 Significant Corporate Developments (cont'd)

3.1. Proposed Corporate Exercise (cont'd)

On 21 June 2018, Mercury Securities had, on behalf of the Board, announced that after further deliberation, the Company has resolved to amongst others, revise the number of Rights Shares and Warrants to be issued following a revision to the basis of entitlement of the Rights Shares and Warrants as well as revise the minimum subscription level and undertaking from certain shareholders in respect of the Proposed Rights Issue with Warrants ("Revisions").

The Revisions would entail a renounceable rights issue of up to 1,665,189,250 Rights Shares on the basis of 5 Rights Shares for every 1 existing NICE Share held on the Entitlement Date, together with up to 999,113,550 Warrants on the basis of 3 Warrants for every 5 Rights Shares subscribed for at an issue price of RM0.045 per Rights Share.

On 22 June 2018, Mercury Securities had announced that the application in relation to the revised Proposed Rights Issue with Warrants has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities")

On 8 October 2018, Mercury Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated, resolved to approve the following:

(a) admission to the Official List and the listing of and quotation for up to 999,113,550 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;

(b) listing of and quotation for up to 1,665,189,250 new NICE Shares to be issued pursuant to the Proposed Rights Issue with Warrants; and

(c) listing of and quotation for up to 999,113,550 new NICE Shares to be issued pursuant to the exercise of the Warrants.

On 26 October 2018, the Company issued circular for the approved Corporate Proposal and notice of Extraordinary General Meeting to the shareholders of the Company. The Corporate Proposal was duly passed by way of poll during the Extraordinary General Meeting held on 28 November 2018.

On 23 January 2019, 369,396,050 rights shares were allotted to successful applicants and the new shares were listed on Bursa Securities on 28 January 2019.

4.0 Review of Operating Activities

(a) *Retail*

Our jewellery emporium located in De Garden Ipoh, Perak is focused on customer retail experience where the Group sells a diverse selection of jewellery, exhibit unique jadeite stone pieces and provide detailed history of jadeite stones. Further, our jewellery emporium will give us an opportunity to continuously reinvent ourselves by creating feel-good factor to enhance customers' shopping experience through well-planned personalised customer service. Our sales personnel have to undergo a series of trainings from product knowledge, history of jadeite to customer service to ensure that customer needs are met.

(b) *Wholesale*

The wholesale business continues to be the primary revenue driver for the Group for the financial year under reiew. NICE's wholesale business involves the trading and distribution of precious stones such as jadeite and diamond stones and precious metals such as gold. Given the weakening market demand for precious stones, NICE will capitalise further on its trading and distribution of precious metal such as gold as the metal is highly sought after as an investment to hedge against inflation and as safe haven in the current global uncertainties.

(c) *E-Commerce*

NICE recognises the growing importance of digital platform to enhance its marketing reach to the new generation of shoppers. NICE has been marketing its products through online platform.

5.0 Risk Management

5.1. Foreign Currency Exchange Risk

The Group is exposed to fluctuation of foreign currency exchange as the cost goods are denominated in foreign currencies. As such, the foreign exchange may have material effects to the costing of our products. However, as a countermeasure, the Group will follow natural hedging policy between its sales and purchases in HKD or RMB to mitigate impact from foreign currency exchange. The finance department of the Group will also closely monitor the movement of foreign currency exchange.

5.2. Credit Risk

Credit risk arises principally from credit exposure to receivables from customers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis where credit terms and limits are evaluated every 6 months and ageing reports are reviewed periodically to identify slow paying customers for actions to be taken for recovery and provisions, if necessary.

5.3. Market Risk/Liquidity Risk

NICE's inventory position represents a market risk as any decline in prices or volatility of prices may result in loss. It is crucial to maintain a sizeable inventory to compete with other jewellery players as well as to ensure an uninterrupted supply of quality products for our operations for business growth and sustainability. Therefore, optimal floor stock level is vital and is estimated by the management after taking into consideration the anticipated inventory turnover, production lead time and opening of new outlets.

5.4. Operational Risk

The risk of loss is due to inadequate monitoring system, management failure, defective controls, fraud or human errors. The Group will mitigate operational risks by having segregation of tasks and duties, reducing complexity in operating procedures, staff performance monitoring and evaluations at regular intervals and periodic assessment of the internal control procedures.

6.0 Outlook and Prospect

As jewellery are considered luxury products rather than living necessities, there is a trend for consumers to restrain themselves from making purchases during economic uncertainty in order to curtail household spending. Further, jewellery also faces competition from other luxury goods in the market such as bags, perfumes and watches. Therefore, NICE expects the jewellery retail sector demand to remain lacklustre as a result of conscious consumer spending due to the general economic uncertainty.

For FYE 30 June 2019, NICE had carried out rationalisation of its overseas business operations in order to better control operating costs. Notwithstanding that, the Group will continue to enhance its retail presence and drive its wholesale of precious metal business further by exploring new opportunities and expansion in other markets.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Niche Capital Emas Holdings Berhad ("the Company" or "NICE") is committed to ensure that sound standards of corporate governance are practised throughout NICE and its subsidiaries ("the Group" or "NICE Group") towards enhancing business success and corporate accountability to protect and enhance the interests of its shareholders and stakeholders. The main focus is to adopt the substance behind good corporate governance practices with the ultimate aim to ensure Board effectiveness and efficacy in enhancing shareholders' value.

The Board is working towards ensuring compliance with the Principles and recommendations of Malaysian Code on Corporate Governance ("MCCG") and this commitment is evidenced by the formulation of various policies and processes and the establishment of the relevant Board Committees. The Board wished to report on how the Company and Group have applied the Principles, having regard to the Practices stated under each Principle of the Code.

The detailed application for each Practice is as set out in the Corporate Governance Report ("CG Report") which is available on the Company's website: www.nichecapital.com.my. The CG Report is based on a prescribed format as outlined under paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). Summary of the corporate governance practices of NICE during the financial year ended 30 June 2019 ("FY2019") are described as follows:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1 Functions of the Board and Management

1.1 Strategic Aims, Values and Standards

The Board assumes full responsibilities for the overall performance of the Group by providing leadership and direction as well as management supervision. As a whole, the Board is the ultimate decision making body. The Board is responsible for the overall corporate governance of the Group, including strategic direction, risk management internal control system, establishing goals for management and monitoring the achievement of these goals.

The Board has established three (3) Board Committees, namely, the Audit Committee, Nominating & Remuneration Committee and Risk Management Committee (collectively referred to as the "Board Committees"). The Board Committees are composed solely of Independent Non-Executive Directors ("INEDs"). The Board Committees operate within specific Terms of References ("TOR") that were drawn up in accordance with best practice in the Code and function principally to assist the Board in the performance of its stewardship duties.

All decisions and deliberations at Board Committees level are documented by the Company Secretary in the minutes of Committee meetings. The Chairman of Board Committees reports on the outcome and recommendations of the Board Committees meetings to the Board for further deliberation and approval. Such reporting is included in the minutes of Board meetings.

During the financial year under review, the Board has devoted sufficient time to attend meetings to deliberate on matters under their purview. Key matters deliberated include strategic planning, corporate exercise, financial and operational performance, risk management and internal control, corporate governance practices and compliance with regulatory and statutory requirements.

The Board has delegated the responsibility of implementing the Company's strategic plans, policies and decisions adopted by the Board to the Management, which is led by the Chief Executive Officer ("CEO"). The CEO is the conduit between the Board and the Management in ensuring smooth and effective running of the Group.

1.2 Chairman of the Board

The Board is led by Datuk Khairul Idham Bin Ismail, the Independent Non-Executive Chairman, who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

The Chairman is responsible to ensure that the principles of good corporate governance are upheld in all aspects of the Group's operation and will communicate with the Management from time to time.

The Chairman acts as a facilitator at Board meetings and ensures that no Board member, whether executive or non-executive, dominates the discussion. He ensures that appropriate discussions take place and relevant opinions among the Board members are forthcoming that result in logical and understandable outcomes. The Chairman encourages a healthy debate on issues raised at meetings and gives opportunity to all Directors to express their views.

1.3 Separation of positions of Chairman and CEO

The Board has always made the distinction that the position of the Chairman and CEO does not reside with the same person. The CEO (who is also an Executive Director) is Julian Foo Kuan Lin. There is a clear and separate division of duties, responsibilities and role of the Chairman and CEO to ensure a balance of power and that no one has unfettered powers over decision making. The Chairman helms the Board and is primarily responsible for the effective and efficient conduct and working of the Board. The Chairman is also responsible for ensuring that all Directors receive sufficient relevant information on both financial and non-financial information of the Group to ensure effective participation and informed deliberation at Board meetings. The CEO is responsible for implementing Board policies and decisions as well as to oversee daily operational management of the Group.

1.4 Qualified and competent Company Secretary

The Company Secretary, who is qualified, competent and experienced, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and the potential impact and implications arising there from.

The Company Secretary, or her representatives, attend and ensure that all Board and Board Committees meetings are properly convened and meeting materials are disseminated on a timely basis to accord Directors with adequate time to peruse the materials and prepare for the meetings. The Company Secretary is also responsible for proper and accurate documentation of all proceedings of meetings including key deliberations, resolutions passed, rationale of each decision and any significant concerns raised by the Directors.

1.5 Access to information and advice

All Directors of the Company have the same right of access to all information within the Group and to the advice and service of the Company Secretary.

The notices for Board and Board Committees meetings together with relevant materials are circulated to the Directors at least seven (7) days prior to each meeting. All Directors are provided with an agenda and relevant board papers, including quarterly financial results, performance reports, minutes of previous meetings, updates from all regulatory authorities, external and internal audit reports and any other matters requiring Board's approval, prior to meetings to ensure that they have sufficient time to appreciate the issues to be deliberated and obtain further information, if needed, prior to meeting to expedite decision-making during meetings. Management is invited to provide Directors with updates on business and operational matters or clarify items tabled to the Board. Verbal explanation and briefings are also provided by management and advisors, as needed, to enhance understanding of the matters under discussions.

The Board recognises that the decision-making process is highly dependent on the quality of information available. All Directors on the Board and Board Committees have full and unrestricted access to management and the Company Secretary on all matters requiring information for deliberation.

2 Demarcation of Responsibilities

2.1 Board Charter

The Board acknowledges and appreciates the need to establish a point of reference for Board activities through a Board Charter. The Board has formalised a Board Charter recently to clearly delineate the roles of the Board (including Chairman and CEO), Board Committees and management in order to provide a structured guidance regarding their various responsibilities including the requirements of Directors in carrying out their leadership and supervisory role and in discharging their duties towards the Group as well as boardroom activities. The Board Charter is subjected to periodical review by the Board to ensure that it remains consistent with the Board's roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter was made available on the Company's website at www.nichecapital.com.my.

3 Good Business Conduct and Corporate Culture

3.1 Code of Conduct

The Board is committed towards inculcating a corporate culture which engenders ethical conduct throughout the Group.

A Code of Conduct has been established to instil and inculcate, amongst Directors, managements and employees (collectively "the Officers") of the Group a corporate culture which engenders ethical conduct, ethical conduct from, among others, human rights, health and safety, environmental care, gifts and business courtesies, company, assets, records and controls to confidentiality, and integrity and professionalism, anti-bribery, exclusive service, personal appearance, confidential information and compliance obligations.

This Code of Conduct is designed based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism in the workplace among Officers.

It sets out the circumstances in which such Officers would be deemed to have breached the Code of Conduct and disciplinary actions that can be taken against wrongdoers.

The Code of Conduct is available on the Company's website at www.nichecapital.com.my.

3.2 Code of Ethics

A Code of Ethics for Directors outlined statements of personal responsibilities covering various elements from exercise of powers to conflicts of interests, exercise of independent judgment to upholding relationship with stakeholders in a professional and responsible manner balancing between their interests and that of the Group.

This Code focused on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

The Code of Ethics is available on the Company's website at www.nichecapital.com.my.

3.3 Whistle Blower Policy

The Company has put in place a Whistle Blower Policy which allows the whistle blower(s) to raise concerns about actual or potential corporate fraud or breach of ethics involving any officers of the Group. The policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.

All reports are to be addressed to the Chairman of the Board and Audit Committee following the specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistle blower against any form of reprisal or retribution save and except for circumstances as prescribed in the policy.

The Whistle Blower Policy is available on the Company's website at www.nichecapital.com.my.

Part II Board Composition

4 Board Objectivity
4.1 Board Composition

The Board presently comprised of six (6) members with the composition as outlined below:

Directorate	Director(s)
Independent Non-Executive Chairman	Datuk Khairul Idham Bin Ismail
Executive Director & Chief Executive Officer	Julian Foo Kuan Lin
Non-Independent Non-Executive Director	Mah Weng Kee
Senior Independent Non-Executive Director	Ng Chin Nam
Independent Non-Executive Director	Dato' Tan Sek Yin Tong Siut Moi

Brief profile of the Board members are presented under Profile of Directors in this Annual Report.

The Directors, with their different background and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, corporate secretarial and advisory, general management, marketing and operations.

The existing Board composition reflects the Board's commitment to gender diversity and consideration of merit in evaluation of candidates.

The Board is compliance with paragraph 15.02 of the MMLR, which requires that at least two (2) Directors or one-third (1/3) of the Directors of the Company, whichever is the higher, are Independent Directors.

The high proportion of INEDs (four (4) out of a total of six (6) Directors) also provides for effective check and balance in the functioning of the Board. Further, the Directors are a mix of professionals and seasoned business leaders who exercise objectivity and independence of opinions in arriving at their decisions and that Board deliberations are collegial and inclusive with ultimate aim of objective review of priorities and proposals. Chairman of the Board will solicit the opinion of fellow Board members before seeking consensus on decisions.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

However, the Board may, in exceptional cases and subject to the assessment of the NRC on an annual basis, recommend for an Independent Director who has served a cumulative term of nine (9) years to remain as an Independent Director subject to shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, upon passing the assessment from NRC, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process as stipulated in the MCCG.

Mr Ng Chin Nam has served as a Senior INED of the Company for a cumulative term of more than nine (9) years. The Board has recommended for him to continue as a Senior INED. The Board, through the NRC, had conducted annual performance evaluation and assessment on him (on a collective basis with all other Directors) and is of the opinion that he remains independent premised upon the following rationale:

(a) He fulfilled the criteria for independence as stated in the MMLR.

(b) His professional, corporate and commercial experience provide the Board with diverse set of skills, competency and expertise.

4.2 Tenure of Independent Director (cont'd)

(c) His long tenure of service has allowed him to be thoroughly acquainted with the business operations of the Group which in turn has enabled him to participate actively and contribute positively to deliberation at Board Committees and Board meetings. He is objective and impartial in expressing his views and opinions during meetings, has always exercised due care and carried out his duties in the best interest of the Company and the Group.

(d) He has contributed time and efforts for an informed and balanced deliberation at Board and Board Committees meetings and their attendance record at these meetings reflect his commitment to the Group.

4.3 Policy on Tenure of INEDs

The Board did not adopt any policy which limits the tenure of an Independent Director to nine (9) years. In the event, the Board intend to retain a Director as an Independent Director beyond nine (9) years, it would provide justification and seek annual shareholders' approval at the Company's general meeting.

4.4 Diverse of Board and Senior Management

The Board is supportive of diversity on the Board and in senior management. The appointment of Directors and senior management personnel is based on objective criteria, merit and also due regard for diversity in experience, gender, skills set, age and cultural background.

The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as legal, accounting, general management, tax, human resource, banking, information technology (IT) as well as sales and marketing. As such, the Group is essentially led and guided by a competent Board.

4.5 Gender Diversity

The Board acknowledged the recommendation of the MCCG on gender diversity, the Board believes there is no necessity to adopt a formal diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

The current Board composition that comprise of (1) female Director, who is also an INED, which testifies to Group's commitment to gender diversity.

4.6 Diverse sources for new candidate(s) for Board appointment

There was no new appointment to the Board during FY2019.

4.7 Nominating & Remuneration Committee ("NRC")

The Board, through the NRC, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience, integrity, and reputation, competence and capability to fulfil the duties of a Director appropriately. The TOR of NRC is available at the Company's website at www.nichecapital.com.my.

The NRC comprises of four (4) members, all INEDs. Its Chairman is a Senior INED and the present composition of the NRC is as follows:

Name	Position
Ng Chin Nam	Chairman
Datuk Khairul Idham Bin Ismail	Member
Dato' Tan Sek Yin	Member
Tong Siut Moi	Member

4.7 Nominating & Remuneration Committee ("NRC") (cont'd)

The NRC would meet at least once (1) annually with additional meetings convened on as and when needed basis.

During the year under review, key activities undertaken by the NRC are summarised as follows:

(a) Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board.

(b) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.

(c) Discussed the character, experience, integrity and competence of the Directors (including CEO) and to ensure they have the time to discharge their respective roles.

(d) Reviewed the level of independent of Independent Directors.

(e) Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the CG Overview Statement for publication in the Annual Report.

(f) Reviewed and recommended re-election of Directors, who retire by rotation under the Articles of Association (Constitution) of the Company, at the forthcoming AGM.

(g) Reviewed the term of office and performance of the Audit Committee and its members.

(h) Discussed proposed fees for the Non-Executive Directors of the Company.

(i) Discussed and recommended to the Board a remuneration package for the Executive Directors.

The TOR for the NRC is available on the Company's website at: www.nichecapital.com.my.

5 Board Assessments

5.1 Overall effectiveness of the Board and individual Directors

The NRC had conducted an evaluation of the effectiveness of the Board as a whole, the various Board Committees and contribution of each individual Director during the FY2019. The evaluation process is led by the NRC Chairman. The Directors complete questionnaires regarding the effectiveness of the Board and Board Committees. This process includes a self-review where Directors assess their own performance. The assessment and comments from Directors are summarised and discussed at the NRC meeting and reported at the Board Meeting by the NRC Chairman.

The Board, through the NRC, assesses the independence of the INEDs annually. Based on the assessment carried out for the financial year under review, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interests of the Company in decision-making.

In accordance with Clause 103 of the Company's Constitution, one-third (1/3) or the number nearest to one third (1/3) of the Directors are required by rotation to submit themselves for re-election by shareholders at each AGM at least once in every three (3) years. The Company's Constitution further provides that all Directors appointed by the Board during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations. The present Board composition reflects the broad range of experience, skills and expertise necessary for the success of the Group and the importance of independent judgment and opinion at Board level.

5.1 Overall effectiveness of the Board and individual Directors (cont'd)

The Board normally meets at least five (5) times annually at quarterly intervals. Under exceptional circumstances owing to urgent and important issues at hand, additional meetings are convened between the scheduled meetings with sufficient notice.

During the FY2019, the Board held six (6) meetings to deliberate and decide on various issues. The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of the meetings.

Details of attendance of each Director at the meetings of the Board and respective Board Committees of NICE during FY2019 are as follows:

Directors	Board	Audit Committee	Nominating & Remuneration Committee	Risk Management Committee
Datuk Khairul Idham Bin Ismail	6/6	5/5	1/1	1/1
Julian Foo Kuan Lin	6/6	-	-	-
Mah Weng Kee	6/6	-	-	-
Dato' Tan Sek Yin	5/6	5/5	1/1	1/1
Ng Chin Nam	6/6	5/5	1/1	1/1
Tong Siut Moi	6/6	5/5	1/1	1/1

The Company Secretary will convene, after consultation with the Chairman and Executive Director & CEO, special Board meetings to discuss any urgent issues. In between meetings, whenever required, decisions are taken by way of Directors' Circular Resolutions.

In compliance with MMLR, all of the Directors do not hold more than five (5) directorships in public listed companies to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. A Director shall inform the Board's Chairman before he/she accepts any new directorships in other public listed companies.

Directors' Training

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties.

The Directors are encouraged to attend relevant training courses and professional programmes deemed necessary so as to keep abreast with the changes on guidelines and laws as issued by the relevant authorities as well as developments in the business environment to complement their contribution to the Group. The Directors are regularly updated by the Company Secretary on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

On joining, new Director is given background information on the Group and its activities with site visits are arranged, whenever necessary. The Directors will continue to undergo other relevant training programmes from time to time to enhance their skills and knowledge where relevant.

The Board had, through the NRC, undertaken as assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NRC had recommended for training to improve financial literacy and keep up with changes to financial reporting environment as well as understand the impact of the changes arising from implementation of the Companies Act 2016 and related laws.

The management will facilitate the organisation of training programs for Directors and maintain a record of trainings attended by the Directors.

5.1 Overall effectiveness of the Board and individual Directors (cont'd)

Directors' Training (cont'd)

The training, conferences or seminars attended and or conducted by Directors during FY2019 encompassed various topics as outlined below:

Directors	Details of Training
Datuk Khairul Idham Bin Ismail	• National Tax Conference 2018 "Taxation in a Changing Economy" • Khazanah Megatrends "On Balance, Recalibrating Markets, Firms, Society and People"
Ng Chin Nam	• Tax Budget 2019 • Sustainability Reporting Workshop for Practitioners
Julian Foo Kuan Lin	• Malaysia Budget 2019 • MFRS 9 Financial Instruments and MFRS 16 Leases
Mah Weng Kee	• Malaysia Budget 2019
Dato' Tan Sek Yin	• Highlights on Double Transition Periods (transition of Goods and Services Tax (GST) to Sales and Services Tax (SST))
Tong Siut Moi	• MAICSA Annual Conference 2018 • Case Study Workshop for Independent Directors : "Rethinking - Independent Directors : Board Best Practices" • Provision of Financial Assistance & Related Party Transactions • Technical Briefing for Company Secretaries of Listed Issuers – Key Amendments to Listing Requirements Arising From Companies Act 2016 • Share Buy-Back - A Regulatory Perspective

As at to-date, all the Directors have complied with the provision of MMLR in relation to Mandatory Accreditation Programme (MAP).

The Company Secretary has circulated appropriate trainings, briefings, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations, for consideration by Board members to keep themselves updated on changes to the legislations and regulations affecting the Group.

The Company Secretary has also circulated the latest relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference. The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during FY2019.

Part III Remuneration

6 Level and composition of Remuneration
6.1 Remuneration policy

The objective of the Group's Directors' Remuneration Policy is to determine the level of remuneration package for executive Board members that is sufficient to attract, retain, motivate and reward Directors of the calibre needed to lead the Group towards success.

On 27 August 2018, the Board, following recommendation from the NRC, had approved remuneration package for the Executive Director & CEO as well as Non-INED.

The remuneration of the INEDs is linked to their professional experience, competence and skills as well as level of responsibilities undertaken by them in the Company. The INEDs are paid fixed annual fees as members of the Board and Board Committees. The Directors' fees are approved annually by the shareholders of the Company.

7 Remuneration of Directors and Senior Management
7.1 Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for FY2019 are catergorised as follows:

Types of fees	(RM)
Directors' fees	
• Non-Executive Director (each Director)	25,000
• Non-Executive Director and Chairman	35,000
Meeting allowance – per meeting day	500

The payment of these fees and benefits payable are approved by shareholders at each AGM.

The fees and benefits payable for the Directors are endorsed by the Board for approval by the shareholders at the AGM prior to payment.

The remuneration received/receivable by the Directors of the Company for FY2019 is as disclosed in the CG Report.

7.2 Details of top 5 Senior Management's remuneration

The Board is aware of the need for transparency in the disclosure of its senior management remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of the senior management personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating senior management to lead and run the Company successfully. Excessive remuneration payout is not made to the senior management personnel in any instance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit Committee

8 Effective and Independent Audit Committee
8.1 Chairman of the Audit Committee

Mr Ng Chin Nam, a Senior INED, is the Chairman of Audit Committee. Details on the composition and activities of the Audit Committee are outlined under the Audit Committee Report in this Annual Report.

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the Audit Committee. The Board will observe a cooling off period of a least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was key audit partner.

8.3 Policy and procedures to assess the suitability, objective and independence of external auditors

The Board has established, through the Audit Committee, a formal and transparent relationship with the external auditors. The external auditors attend the Audit Committee meetings where the Group's annual financial statements are considered as well as meetings to review and discuss the Group's accounting policies, audit findings and improvements to be made on existing internal control measures and accounting policies and procedures.

The Audit Committee had discussed the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

8.3 Policy and procedures to assess the suitability, objective and independence of external auditors (cont'd)

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee undertook an assessment of suitability and independence of the external auditors and was satisfied with the technical competency and independence of the external auditors. The evaluation was based on review of performance and assurances from the external auditors as well as discussion with management and reported to the Board on the independence of the external auditors.

The external auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of audit engagement in accordance with the independence rules of the Malaysian Institute of Accountants.

The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are as follows:

	Company	Group
Audit fees	RM46,000	RM85,260
Non-audit fees *	RM5,000	RM5,000
Non-audit fees by firms affiliated to the Company's auditors	-	-

Note:
* Fee for review of the Statement on Risk Management and Internal Control.

8.4 Composition of the Audit Committee

The present Audit Committee comprises four (4) members, all INEDs. The composition, roles and responsibilities and key activities of the Audit Committee are set out under the Audit Committee Report in this Annual Report.

8.5 Diversity in skills of the Audit Committee

The Audit Committee currently comprised of members with professional experience in financial, legal and corporate secretarial. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy give the Audit Committee the ability to effectively discharge their roles and responsibilities.

Part II Risk Management and Internal Control Framework

9. Effective risk management and internal control framework
9.1 Establish an effective risk management and internal control

The Board acknowledges its overall responsibility in establishment and oversight of the Group's Risk Management Framework and Internal Controls System which is designed to manage the Group's risks within an acceptable level. The implementation of the framework and system has been delegated to the Management whilst the RMC was tasked by the Board with oversight responsibility to review the adequacy and effectiveness of the risk management framework and internal controls system.

The Board will review the Risk Management Framework and Internal Controls System with a view towards appraising the adequacy, effectiveness, integrity and efficiency of such system within the Group and also to ensure that these systems are viable and robust.

The Board also receives/will receive regular reports from the Chairman of the Audit Committee and RMC in relation to the principal risks and internal controls related matters deliberated by respective Committee.

9.2 Disclosure on the features of risk management and internal control framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the Audit Committee regularly.

9.3 Establishment of a Risk Management Committee ("RMC")

The RMC was established since 3 October 2017.

The RMC in place which undertakes regular risk reviews on the Group's businesses and operations. An analysis of the risks identified together with proposed mitigating actions are tabled to the Audit Committee annually. The Audit Committee will report to the Board on exception basis if there was any change in the risks identified.

10 Effective governance, risk management and internal control
10.1 Effectiveness of the internal audit function
10.2 Disclosure on the internal audit function

The internal audit function is outsourced to a professional consulting firm. The Audit Committee also monitors the feedback and reports from the internal audit team on matters relating to non-compliance, weakness in internal control systems and the implementation of agreed corrective action plan to address such inadequacies by the management. The internal auditors report directly to the Audit Committee.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report in this Annual Report.

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

Part I Communication with Stakeholders

11. Continuous communication between Company and stakeholders
11.1 Effectiveness and transparent and regular communication with stakeholders

The Company recognises the importance and value of continuous communication with its shareholders and other stakeholders including the general public on the Group's business performance and corporate development.

The Group disseminates information in relation to its financial performance, operations and corporate developments through the annual reports, quarterly reports, circulars and various announcements. The Company's website at www.nichecapital.com.my contains information, including annual reports, quarterly reports and various announcements, concerning the Group which is updated on a regular basis. The Board will peruse through and approve all announcements prior to release of the same to Bursa Securities. The Group releases all material information publicly through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

Shareholders may also direct all their concerns with regard to the Group to the Senior INED, Ng Chin Nam.

The Company's general meetings also provide a useful forum for shareholders to engage directly with the Board and senior management. The shareholders are at liberty to raise questions or seek clarification on the agenda of the meeting from the Board and the senior management.

11.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently in view that the Company does not fall within the definition of "Large Companies".

Part II Conduct of General Meetings

12 Encourage Shareholder Participation at General Meeting
12.1 Notice for Annual General Meeting

The Board encourage shareholders' participation AGM by providing adequate notice. The Company had dispatched its Notice of the 18th AGM held in 2019 to shareholders at least twenty- eight (28) days before the date of the meeting to enable shareholders to peruse the annual report and papers supporting the resolutions proposed. Each item of special business included in the Notice of AGM is accompanied by a full explanation of the effects of the proposed resolution.

In line with the MMLR, all resolutions were decided by poll voting. The Board will also consider adopting electronic voting to facilitate greater shareholder participation at the Company's general meetings.

12.2 All Directors to attend general meetings

All the Directors had attended the 17th AGM and Extraordinary General Meeting held on 28 November 2018.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

At this juncture time and following a review of the past recent trend of number of shareholders demonstrated that the Company does not have a large number of shareholders to warrant voting in absentia and/or remote shareholders' participation at general meetings. Further, all general meetings are held at a locations which are easily accessible to all shareholders.

The Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and has continued to host AGM in Ipoh, Perak since 2017.

Statement on Compliance

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects satisfactory complied with the Principles and Practices set out in the MCCG, except for the departures set out in the CG Report.

The CG Overview Statement is issued in accordance with a resolution dated 7 October 2019.

Sustainability Statement

1.0 Introduction

As part of Niche Capital Emas Holdings Berhad's ("NICE") journey to incorporate a sustainable business practices in the long-term, the Group (collectively, NICE and its subsidiaries) is committed to a holistic approach to its business management, taking into consideration of Economic, Environmental and Social ("EES") risks and opportunities alongside financial implications, as a measure to generate long-term benefits and business continuity.

This Sustainability Statement disclosed our Group's sustainability activities which are in line with regulatory requirements and best practices and carried during the financial year ended 30 June 2019. The introduction to sustainability statement marks the beginning of a deeper commitment towards discharging our social responsibility. Our management is always taking steps to look into progressive improvement of our sustainability foot prints by integrating, wherever possible, sustainable practices into our business activities.

Our organisation's sustainability strategy is determined by our Board of Directors, who provides oversight of our corporate sustainability policies and performance. Senior Management oversees the implementation of the Group's sustainability approach and ensures that key targets are being met. The respective division heads are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

The Group has undertaken the following initiatives as an integral part of its business operations and practices by contributing to the welfare of its employees, stakeholders, the general public and the communities it operates in.

2.0 Sustainability Approach and Principles

NICE strive to conduct all its activities in an ethical and responsible manner by embracing sustainability practices in all aspects of our business operations to ensure the long-term sustainability of the Group. The Group pursues its sustainability approach in accordance with these sustainability principles:

Economic
- To grow our business operations to ensure the long-term sustainability of the Group by embracing business ethics and integrity, providing high quality products and developing symbiotic and professional relationships with our supply chain as to ensure high level of support in terms of goods supply and services rendered.

Environmental
- As a responsible business operator, the Group sources its precious stones such as jadeite stones and precious metals such as gold only from legitimate and verified suppliers who comply with quality assurance standards and regulations.

Social
- To provide a safe, conducive and friendly working environment for the Group's employees where they enjoy personal and career growth and at the same time, give back to society through activities that benefit the local communities.

3.0 Economic Sustainability

(a) Responsible Sourcing

The Group is committed to provide the best service and product design to our customers. It also assures our customers that all precious stones and precious metals purchased from the Group are sourced from only legitimate source and ensure that all precious stones and precious metals are natural (not laboratory made, synthetic, treated or conflicted) without compromising on its quality.

(b) Quality of Products

The Group only purchases natural and mined precious stones and precious metals and if consumers discovered the products they bought were synthetic in nature this will cause damaging impact to our reputation and threaten the viability of the Group's long-term business sustainability.

In addition, the Group has mineral specialists and gemstones specialists who have undergone training at the Gemmological Institute of America (GIA) to provide expertise and quality assurance to the Group and to ensure the Group's product items are of the highest quality, rigorous selection processes are applied before inventory purchasing.

3.0 Economic Sustainability (cont'd)

(c) Customer Relationship Management

The Group depends on repeat purchase by its customers to sustain its long-term business operations and to this extent, NICE has developed detailed customer informations which are used to keep in touch with our customers to ensure the best after-sales service as well as educate them on the latest developments in the industry and our products offering.

(d) Supply Chain Partners

The Group engages constantly with its supply chain partners to inculcate integrity and professionalism in procurement and supply chain management and to ensure compliance with standard procedures. There is also continuous demand of the suppliers' quality to ensure consistency in achieving quality levels beyond customers' expectations.

4.0 Environmental Sustainability

The Group is committed to minimizing the potential impact of its operations on the environment by adopting and applying environmentally responsible practices in achieving long-term sustainability growth.

The Group has considered safety and environmental factors in all its operating decisions and explores possible opportunities to minimise any adverse impact from processing operations, waste disposal and energy consumption. The Group places great emphasis on compliance with the environmental rules and regulations set by the various governing authorities both locally and abroad. In addition, we also communicate to our customers and supply chain on our commitment to environmental protection and conservation.

The Group avoids using hazardous materials and we work constantly to optimise output and minimise wastage in our raw material inputs. We also constantly look into improving design and technology employed in the production processes in order to reduce wastages and uphold environment standards.

In order to minimise the use of new resources, the Group creates awareness among employees on environment conservation by encouraging them to adopt the 3R lifestyle choice: "Reduce, Reuse and Recycle" whenever possible. In addition, there is a concerted effort by the Group's retail outlet and offices to optimise the use of electricity whenever possible by monitoring monthly electricity consumptions.

5.0 Social Sustainability

As a caring employer, we strive to create a conducive working environment that is positive and productive for all our employees. We organised social events to mark occasions and cultural festivities with our employees to foster closer relationships and to show appreciation for employees' dedication and commitment towards the business.

The Group actively engages with our employees through performance evaluation and informal discussion to encourage them to improve their potential for a sustainable and fruitful career. Upon their annual performance review, the management will reward those outstanding employees with benefits and opportunities to be future leaders in the Group.

Further, the Group strongly believes in continuous professional education and training as part of their career development programme. The Group had organised internal training, engaging external expertise and as well as encouraging our employees to enrol in seminars and courses to enhance their knowledge. These talent development plans are aimed at equipping employees with technical skills and knowledge so that these could be deployed to meet customers' needs and expectation as well as embedding soft skills for the development of a new generation of leaders in the Group.

The Group believes in promoting equal employment opportunities to Malaysians regardless of age, gender and ethnicity. The Group does not employ any child or forced labour and has met all the minimum wages requirements as required by law.

6.0 Going Forward

The Group is committed to embedding sustainability into its business by considering the impact of its operation on economy, environmental and society. In order to fulfil its role as a responsible employer and corporate citizen, the Group has adopted and applied effective economic approach, environmentally friendly practices, caring social policies and good corporate governance.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Niche Capital Emas Holdings Berhad ("NICE" or "Company") is committed to maintain a sound system of risk management and internal control throughout the Company and its subsidiaries (collectively "the Group").

The Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review. This Statement on Risk Management and Internal Control ("the Statement") is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound system of internal control and a structured risk management framework for good corporate governance and affirms its ultimate responsibility for the Group's system of internal control and risk management for reviewing the adequacy and integrity of this system. The system of internal control and risk management covers financial, organisational, operational as well as compliance and governance controls. In view of the limitations inherent in any system of risk management and internal controls, the system is designed to manage, rather than to eliminate the risk of failure to achieve the Groups' business objectives. Accordingly, it can only provide reasonable, but not absolute assurance against material loss, misstatement or other significantly adverse consequences.

The Board continues to enhance the existing system of internal control and risk management to ensure reasonable assessment and management of risks through internal operating procedures, company guidelines and policies as well as compliance with applicable laws and regulations. This system has been further improved throughout the financial period under review.

RISK MANAGEMENT

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of business activities and/or operating environment, or venturing into new operating environment. Management is responsible for the identification and evaluation of significant risks applicable to their areas of business with the design and implementation of suitable internal controls. The Board has aimed to embed risk management process in all major aspects of the Group's activities covering major strategic and operational activities.

Adequate risk management processes are in place to ensure structured and consistent approach and methods are practised in the on-going process of identifying, assessing, managing and monitoring the principal risks across local and overseas operating units. In view that business risk may be associated with a variety of changing business environments, the Board and management continues to improve the measures which are deployed on appropriate risk response strategies and controls. This is to ensure risk is properly monitored and managed to an acceptable level. The Board has reviewed the effectiveness of risk management and internal control through Audit Committee meeting when reviewing the formal feedback from the external auditors.

RISK APPETITE

The Board is in process of formulating and quantifying its risk appetite to make it more measurable and easier to identify.

INTERNAL AUDIT FUNCTION

The Board is fully aware of the importance of the internal audit function. The Group outsources its internal audit function to an independent professional consulting firm. The internal audit reports were presented to the Audit Committee on a quarterly basis for review and discussing at their meetings and for notation at the Board meetings. The presence of the internal audit function has provided the Audit Committee and the Board assurance as to the effectiveness of the operations and validity of the Group's internal control and risk management system.

In accordance with the audit plan, the internal auditors had conducted periodic reviews on the internal control and the effectiveness of the processes that are in place to identify, manage and report risks. The routine reviews are being conducted on the Group's core business.

During the financial year under review, internal audit function reviewed the internal controls in the key activities of the Group's business based on internal audit plan duly approved by the Audit Committee. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the Audit Committee on a quarterly basis. In addition, the internal audit function also followed up on the implementation of recommendations from findings of previous internal audit reports and updated the Audit Committee on the implementation status of the agreed action plan.

In addition, follow up on the implementation of correction action plan of the preceding audit findings was carried out to update the Audit Committee on status of Management-agreed action plan implementation.

The Board as a whole fully recognises its responsibility over the actions of the Audit Committee.

INTERNAL CONTROL

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

- An organisation structure with a well-defined scope of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- An establish set of internal policies and procedures for operational, governance, financial and human resource management, which is subject to regular reviews and improvement;
- Regular and comprehensive information is provided to the Board, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units are made by Executive Director and senior management with consideration to the cost and benefits of such arrangements; and
- Regular management meetings chaired by the Executive Director are conducted to review and deliberate on the financial performance, credit control, business development and operational issues.

MANAGEMENT INFORMATION SYSTEM

The Board and Management recognise the benefits of an effective information system to track its valuable inventory spread out across multiple outlets and different countries. Thus, the Group has, in place, its own computerised accounting and inventory system as part of its risk management and internal control system.

WEAKNESS IN INTERNAL CONTROLS

Based on findings in the internal auditors' report for the financial year ended 30 June 2019, the Board is of the opinion that the general system of internal control is adequate and appeared to be working satisfactorily. A number of minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed by Management. There were no material losses, contingencies or uncertainties that have arisen as a result of weaknesses (inadequacy or failure) in internal control that requires separate disclosure in the Annual Report.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is committed to putting in place appropriate action plans to ensure that the internal control and risk management systems could continuously evolve to support the business and size of the operations of the Group.

The Board has received assurance in writing from the Executive Director and Chief Executive Officer that the Groups risk management and internal control system has been operating adequately and effectively in all material aspects, during the financial year under review and up to the date of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the financial year ended 30 June 2019, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This Statement is issued in accordance with a resolution of the Directors dated 7 October 2019.

Audit Committee Report

The primary objective of the Audit Committee of Niche Capital Emas Holdings Berhad ("NICE" or "the Company"), as a sub-committee of the Board of Directors of NICE ("Board") is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

The key responsibilities of the Audit Committee include, among others, overseeing the Company and its subsidiaries' (collectively "the Group") financial reporting process and the integrity of the Group's financial statements; assessing the Group's processes in relation to its risks, governance and control environment; reviewing conflict of interest situations and related party transactions; and evaluating the internal and external audit processes and performance.

The Terms of Reference ("TOR") of the Audit Committee are published on the Company's website at www.nichecapital.com.my.

Composition

The Audit Committee comprises four (4) members, all Independent Non-Executive Directors. The Audit Committee meets the requirements of paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

The Audit Committee Chairman, Mr Ng Chin Nam is a member of a professional accountancy organisation.

All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements and therefore, able to effectively discharge their duties and responsibilities as members of the Audit Committee. No alternate Director is appointed as a member of the Audit Committee. No alternate Director has been appointed as a member of Audit Committee.

Meetings

The Audit Committee had convened five (5) meetings during the financial year ended 30 June 2019 ("FY2019"). These meetings were appropriately structured through the use of agendas, which were distributed to Audit Committee members.

Details of the attendance of the Audit Committee members during FY2019 are as follows:

Directors | Position	**Attendance**
Ng Chin Nam | *Chairman* *Senior Independent Non-Executive Director*	5/5
Datuk Khairul Idham Bin Ismail | *Member* *Independent Non-Executive Director*	5/5
Dato' Tan Sek Yin | *Member* *Independent Non-Executive Director*	5/5
Tong Siut Moi | *Member* *Independent Non-Executive Director*	5/5

The Company Secretary is the Secretary of the Audit Committee and is responsible, together with the Chairman, to draft the agenda and circulating it prior to each meeting.

The Company Secretary and/or her representatives were present at all meetings. Executive Director, representatives of the external auditors and internal auditors and members of Management were invited to attend the meetings during the financial year.

The minutes of each Audit Committee meeting were recorded and tabled for confirmation at its following meeting and subsequently presented to the Board for notation. The Audit Committee Chairman reports to the Board regularly on the activities undertaken and the key recommendations for the Board's consideration and decision.

The Audit Committee made arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The Audit Committee met twice (2) during the FY2019 with the external auditors without the presence of the executive Board members and Management to discuss audit findings and any other observations that they may have during the audit process.

Summary of Activities

The Audit Committee carried out its duties in accordance with its TOR. The main activities undertaken by the Audit Committee during the financial year under review and up to date were as follows:

Financial Reporting

(a) Reviewed the Group's quarterly unaudited financial results and annual audited financial statements as well as appropriate announcements to the regulatory authorities before recommending for the Board's approval, focusing on changes in or implementation of major accounting policies, significant and unusual events and compliance with the provision of the Companies Act 2016, MMLR and applicable accounting standards approved by the Malaysian Accounting Standards Board.

(b) Reviewed through the financial position of the Group and followed up with Management on business and operational restructuring.

External Audit

(a) Discussed with external auditors on their audit plan for FY2019 outlining their scope of work, areas of audit emphasis, possible key audit matters, updates on financial reporting, audit timeline deliverables and proposed audit fees. The Audit Committee reviewed and approved the audit plan presented by external auditors.

(b) Met twice with the external auditors without the presence of Executive Director and Management to discuss issues of concern to the auditors arising from their interim and final audits and any other observations that they may have during the audit process.

(c) Reviewed and discussed with the external auditors, the findings and results of the audit and significant audit/accounting issues and Management letter (if any) together with Management's response and comments.

(d) Reviewed and evaluated the performance and effectiveness of external auditors. The Audit Committee was satisfied with the external auditors' performance and made its recommendation to the Board on their re-appointment as auditors at the forthcoming annual general meeting.

(e) Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

Internal Audit

(a) Reviewed the internal audit report(s) at least twice a year. The Audit Committee noted the audit recommendations made and Management's response and actions taken to improve the system of internal controls including the implementation status of Management's agreed on actions to address findings highlighted in previous internal audit.

(b) Reviewed the assistance given by the Group's Management and officers to the internal auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

Corporate Governance

(a) Reviewed, periodically, related party transactions and recurrent related party transactions of a revenue or trading nature on scope, threshold and any conflict of interest situation that might arise from the aforesaid transactions as reported by Management and report to the Board accordingly.

(b) Reviewed and approved/recommended, as applicable, Audit Committee Report and the Statement on Risk Management and Internal Control of the Company for Board's approval before inclusion in the Annual Report 2019.

(c) Reviewed and adopted the revision to the TOR of the Audit Committee before recommending to the Board for approval.

Internal Audit Function

The Group outsourced the internal audit function to an independent professional consulting firm, to provide the Audit Committee and the Board with much of the assurance regarding the adequacy and integrity of the system of internal control and risk Management within the Group. The internal auditors adopt a risk-based methodology in the preparation of the internal audit plan and in renewing key processes of the operations.

The internal audit function is independent of the activities or operations of the Group. The principal role of the internal audit function is to undertake independent, regular reviews of the system of internal control of its operations to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group.

During the financial year, the internal auditors had conducted audit reviews on the inventories, procurement, trade receivables and sales of the Group based on approved internal audit plan. Upon completion of their work, the internal auditors presented their findings and recommendations as well as Management's responses and action plans to the Audit Committee for their review and deliberation. The internal auditors also carried out follow-up reviews to monitor the implementation of the Management's action plans for reporting to the Audit Committee.

Further information regarding the internal audit function are set out under Statement on Risk Management and Internal Control in this Annual Report.

The costs incurred for the internal audit function of the Group for FY2019 amounted to RM34,000.

This Audit Committee Report is issued in accordance with a resolution dated 7 October 2019.

Statement of Directors' Responsibility
For Preparing The Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and their results and cash flows for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2019, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Board is also at the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Group and the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company as well as prevent and detect fraud and irregularities.

Additional Compliance Information Disclosures

In compliance with the Main Market Listing Requirements of Bursa Securities, the following information is provided:

Utilisation of Proceeds

The Company raised RM16.623 million from issuance of 369.396 million units Rights Issue Shares with Warrants at the issue price of RM0.045 each Rights Share.

The proceeds of RM16.623 million from the issuance of Rights Shares with Warrants has been utilised in the following manner:

Details	**Utilisation as at 30 June 2019 RM'000**	**Utilisation as at 30 September 2019 RM'000**
Jewellery Emporium	590	590
Inventories	6,500	6,720
Processing Factory	-	-
Working Capital	3,111	3,111
Expenses for corporate exercise	951	951
TOTAL	**11,152**	**11,372**

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year ended 30 June 2019 or entered into since the end of the previous financial year.

Recurrent related party transactions of revenue nature

There were no recurrent related party transactions during the financial year ended 30 June 2019.

Niche Capital Emas

NICHE CAPITAL EMAS HOLDINGS BERHAD

(527272-V)

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Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

Principal Activity

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

Financial Results

	Group RM	Company RM
Loss for the financial year	1,198,717	2,905,129
Attributable to:		
Owners of the parent	1,198,717	2,905,129

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued new ordinary shares of 369,396,050 right shares at an issue price of RM0.045 per right share together with 221,637,630 free detachable warrants.

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

There was no issuance of debenture during the financial year.

Options Granted Over Unissued Shares

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

Warrants

The Company had issued 221,637,630 Warrants which were listed on Bursa Malaysia Securities Berhad on 25 January 2019 in conjunction with the right issue on the basis of three (3) Warrants for every five (5) Right Shares.

The Warrants are constituted by a Deed Poll dated 10 December 2018 executed by the Company. Each warrant entitled the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.06 per share, subject to adjustments in accordance with the provision of the Deed Poll.

The salient feature of the warrants are disclosed in Note 13 to the financial statements.

No warrants were exercised during the financial year. As at the end of reporting date, 221,637,630 warrants remained unexercised.

Directors

The Directors in office during the financial year until the date of this report are:

Datuk Khairul Idham Bin Ismail
Julian Foo Kuan Lin
Mah Weng Kee
Ng Chin Nam
Dato' Tan Sek Yin
Tong Siut Moi

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report:

Yeong Chee Jong Nicky
Chung Hoong Seng

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests

The interests and deemed interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares		
	As at 1.7.2018	**Bought**	**Sold**	**As at 30.6.2019**
Interests in the Company				
Direct Interests				
Julian Foo Kuan Lin	73,930,000	156,000,000	-	229,930,000
Dato' Tan Sek Yin	390,000	-	-	390,000
Indirect Interests				
Dato' Tan Sek Yin #	660,000	-	-	660,000

		Number of warrants		
	As at 1.7.2018	**Bought**	**Sold**	**As at 30.6.2019**
Interests in the Company				
Julian Foo Kuan Lin	-	93,600,000	40,000,000	53,600,000

Deemed interested Top-Gold Resources Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

By virtue of his interests in the shares of the Company, Mr Julian Foo Kuan Lin is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8(4) of the Companies Act 2016.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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 by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the issue of warrants.

Indemnity and Insurance Costs

During the financial year, the total amount of insurance premium paid for the Directors and certain officers of the Company were RM5,310. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that 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 no allowance for doubtful debts was required; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

(c) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are disclosed in Note 19 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 October 2019.

JULIAN FOO KUAN LIN

MAH WENG KEE

KUALA LUMPUR

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 October 2019.

JULIAN FOO KUAN LIN	**MAH WENG KEE**

KUALA LUMPUR

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act 2016

I, JULIAN FOO KUAN LIN, being the Director primarily responsible for the financial management of Niche Capital Emas Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 96 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 by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 7 October 2019)

JULIAN FOO KUAN LIN

Before me,

MOHAN A.S. MANIAM (W 710)
Commissioner for Oaths

Independent Auditors' Report to the Members of Niche Capital Emas Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Niche Capital Emas Holdings Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<u>**Inventory Valuation**</u> As at 30 June 2019, the Group held a significant inventory amounted to RM17.4 million as disclosed in Note 8 to the financial statements and it constituted approximately 47% of the Group's total current assets. As described in the Accounting Policies in Note 3(i) to the financial statements, inventories are carried at the lower of cost and net realisable value. The valuation of inventories is identified as a key audit matter because of the judgement made by the Directors in determining an appropriate inventory valuation involves predicting the amount of future demand from customers as the sales in the Group is subject to customer's preference which is based on trends and there is a risk that the net realisable value lower than the cost. Besides that, judgements are also required to identify slow moving and obsolete inventories which need to be written down to their net realisable value.	We reviewed the Group's policy on inventory valuation that are in accordance with MFRS 102 *Inventories*. We evaluated the operating effectiveness of key controls over the inventory system in recording the cost of inventory on first-in-first-out basis. We reviewed and verified the value of a sample of inventory item by comparing the unit price used in the final inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices to ensure inventories are stated at the lower of cost and net realisable value. We assessed the adequacy of the disclosures made in the financial statements.

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 the 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report to the Members of
Niche Capital Emas Holdings Berhad (cont'd)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: (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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 5 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 purposes. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM GE RU
Approved Number: 03360/03/2020 J
Chartered Accountant

KUALA LUMPUR
7 October 2019

Statements of Financial Position
as at 30 June 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,156,456	288,198	3,316	5,189
Investments in subsidiary companies	5	-	-	250,383	385
Amount due from subsidiary companies	7	-	-	5,930,681	-
		1,156,456	288,198	6,184,380	5,574
Current assets					
Inventories	8	17,389,950	16,627,422	-	-
Trade receivables	9	8,970,600	5,851,005	-	-
Other receivables	10	4,775,520	5,374,429	4,671,828	4,954,904
Amount due from subsidiary companies	7	-	-	9,593,670	9,641,213
Tax recoverable		39,732	-	-	-
Deposits, cash and bank balances	11	5,979,167	799,836	5,851,545	178,834
		37,154,969	28,652,692	20,117,043	14,774,951
Total assets		38,311,425	28,940,890	26,301,423	14,780,525
EQUITY					
Share capital	12	52,504,832	32,849,664	52,504,832	32,849,664
Reserves	13	(18,197,972)	(13,257,247)	(27,939,664)	(21,213,118)
Total equity		34,306,860	19,592,417	24,565,168	11,636,546
LIABILITIES					
Non-current liability					
Finance lease liabilities	14	225,867	-	-	-
Current liabilities					
Trade payables	15	12,825	2,090,200	-	-
Other payables	16	3,220,779	6,779,235	1,608,432	3,123,608
Finance lease liabilities	14	21,572	20,371	-	20,371
Amount due to subsidiary company	7	-	-	127,823	-
Provision for taxation		523,522	458,667	-	-
		3,778,698	9,348,473	1,736,255	3,143,979
Total liabilities		4,004,565	9,348,473	1,736,255	3,143,979
Total equity and liabilities		38,311,425	28,940,890	26,301,423	14,780,525

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

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	17	8,900,600	13,159,097	-	-
Cost of sales		(6,903,662)	(8,243,113)	-	-
Gross profit		1,996,938	4,915,984	-	-
Other income		155,429	104,199	155,144	703,992
Administrative expenses		(3,343,956)	(2,967,506)	(3,060,273)	(1,407,632)
Other expenses		(3,683)	(805,039)	-	-
(Loss)/Profit from operation		(1,195,272)	1,247,638	(2,905,129)	(703,640)
Finance costs	18	(3,445)	(827)	-	(827)
(Loss)/Profit before tax	19	(1,198,717)	1,246,811	(2,905,129)	(704,467)
Taxation	20	-	(300,885)	-	-
(Loss)/Profit for the financial year		(1,198,717)	945,926	(2,905,129)	(704,467)
Other comprehensive (loss)/income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		79,409	(827,426)	-	-
Total comprehensive (loss)/ income for the financial year		(1,119,308)	118,500	(2,905,129)	(704,467)
(Loss)/Earning per share					
Basic (loss)/earning per share (sen)	22(a)	(0.24)	0.28		
Diluted (loss)/earning per share (sen)	22(b)	(0.24)	0.28		

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

Statements of Changes in Equity
for the financial year ended 30 June 2019

Group	Note	Share capital RM	Share premium RM	Warrant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total equity RM
		Attributable to owners of the parent					
		Non-distributable					
At 1 July 2018		32,849,664	8,254,170	-	(476,888)	(21,034,529)	19,592,417
Loss for the financial year		-	-	-	-	(1,198,717)	(1,198,717)
Other comprehensive income for the financial year		-	-	-	79,409	-	79,409
Total comprehensive income/(loss) for the financial year		-	-	-	79,409	(1,198,717)	(1,119,308)
Transactions with owners:							
Issuance of ordinary shares	12	12,190,070	-	-	-	-	12,190,070
Issuance of warrants	13	-	-	4,432,753	-	-	4,432,753
Share issue expenses	13	-	(789,072)	-	-	-	(789,072)
Transfer in accordance with Section 618(2) of the Companies Act 2016	12, 13	7,465,098	(7,465,098)	-	-	-	-
Total transactions with owners		19,655,168	(8,254,170)	4,432,753	-	-	15,833,751
At 30 June 2019		52,504,832	-	4,432,753	(397,479)	(22,233,246)	34,306,860

		Attributable to owners of the parent					
		Non-distributable					
Group	**Note**	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**Foreign currency translation reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2017		32,849,619	8,254,170	1,225,307	350,538	(23,205,757)	19,473,877
Profit for the financial year		-	-	-	-	945,926	945,926
Other comprehensive loss for the financial year		-	-	-	(827,426)	-	(827,426)
Total comprehensive income for the financial year		-	-	-	(827,426)	945,926	118,500
Transactions with owners:							
Exercise of warrants	12, 13	45	-	(5)	-	-	40
Transfer to accumulated losses upon lapse of warrants	13	-	-	(1,225,302)	-	1,225,302	-
Total transactions with owners		45	-	(1,225,307)	-	1,225,302	40
At 30 June 2018		32,849,664	8,254,170	-	(476,888)	(21,034,529)	19,592,417

Statements of Changes in Equity
for the financial year ended 30 June 2019 (cont'd)

		Non-distributable				
Company	**Note**	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2018		32,849,664	8,254,170	-	(29,467,288)	11,636,546
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(2,905,129)	(2,905,129)
Transactions with owners:						
Issuance of ordinary shares	12	12,190,070	-	-	-	12,190,070
Issuance of warrants	13	-	-	4,432,753	-	4,432,753
Share issue expenses	13	-	(789,072)	-	-	(789,072)
Transfer in accordance with Section 618(2) of the Companies Act 2016	12, 13	7,465,098	(7,465,098)	-	-	-
Total transactions with owners		19,655,168	(8,254,170)	4,432,753	-	15,833,751
At 30 June 2019		52,504,832	-	4,432,753	(32,372,417)	24,565,168
At 1 July 2017		32,849,619	8,254,170	1,225,307	(29,988,123)	12,340,973
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(704,467)	(704,467)
Transactions with owners:						
Exercise of warrants	12, 13	45	-	(5)	-	40
Transfer to accumulated losses upon lapse of warrants	13	-	-	(1,225,302)	1,225,302	-
Total transactions with owners		45	-	(1,225,307)	1,225,302	40
At 30 June 2018		32,849,664	8,254,170	-	(29,467,288)	11,636,546

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

Statements of Cash Flows
for the financial year ended 30 June 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(1,198,717)	1,246,811	(2,905,129)	(704,467)
Adjustments for:					
Depreciation of property, plant and equipment		62,631	12,091	1,873	1,938
Deposits written off		143,000	-	-	-
Finance costs		3,445	827	-	827
Fair value adjustment on amount due from subsidiary companies		-	-	1,403,966	-
Finance income		(87,395)	(113)	(87,219)	(113)
Gain on disposals of property, plant and equipment		(66,000)	-	(66,000)	-
Reversal of impairment losses on investments in associates		(1,728)	-	(1,728)	-
Unrealised loss/(gain) on foreign exchange		94,860	748,285	(71)	(204)
Waiver of debts		-	(103,054)	-	(103,054)
Operating (loss)/profit before working capital changes		(1,049,904)	1,904,847	(1,654,308)	(805,073)
Changes in working capital:					
Inventories		(715,192)	52,059,541	-	-
Receivables		(2,575,464)	(295,898)	283,076	4,164,177
Payables		(5,768,943)	(52,773,841)	(1,515,105)	623,606
Cash (used in)/generated from operations		(10,109,503)	894,649	(2,886,337)	3,982,710
Interest paid		(3,445)	(827)	-	(827)
Tax refund/(paid)		11,268	(161,872)	-	-
Net cash (used in)/from operating activities		(10,101,680)	731,950	(2,886,337)	3,981,883
Cash flows from investing activities					
Acquisition of property, plant and equipment	4(b)	(668,889)	(254,309)	-	-
Additional investments in subsidiary company	5	-	-	(249,998)	-
Interest received		87,395	113	87,219	113
Proceeds from disposals of:					
- investments in associates	6	1,728	-	1,728	-
- property, plant and equipment		66,000	-	66,000	-
Net cash (used in)/from investing activities		(513,766)	(254,196)	(95,051)	113

Statements of Cash Flows
for the financial year ended 30 June 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from financing activities					
Advances to subsidiary companies		-	-	(7,159,281)	(4,787,328)
Proceeds from right issue	12, 13	16,622,823	-	16,622,823	-
Proceeds from exercise of warrants	12	-	40	-	40
Share issuance expenses		(789,072)	-	(789,072)	-
Payment of finance lease liabilities		(34,932)	(89,173)	(20,371)	(89,173)
Net cash from/(used in) financing activities		15,798,819	(89,133)	8,654,099	(4,876,461)
Net increase/(decrease) in cash and cash equivalents		5,183,373	388,621	5,672,711	(894,465)
Cash and cash equivalents at the beginning of the financial year		799,836	1,165,797	178,834	1,073,299
Effect of exchange translation differences on cash and cash equivalents		(4,042)	(754,582)	-	-
Cash and cash equivalents at the end of the financial year		5,979,167	799,836	5,851,545	178,834
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, cash and bank balances	11	5,979,167	799,836	5,851,545	178,834

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

Notes to the Financial Statements
30 June 2019

1. Corporate Information

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

The principal place of business of the Company is located at Unit 3.1, 3rd Floor, Wisma Leader, No. 8 Jalan Larut, 10050 Penang.

The registered office of the Company was located at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A, Jalan Sultan Ahmad Shah, 10050 Penang. With effect from 7 January 2019, the Company's registered office of business has been relocated to 170-09-01, Livingston Tower, Jalan Argyll, 10050 Penang.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs, new interpretations and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to	Amendments to MFRS 1
MFRSs 2014 - 2016 Cycle	Amendments to MFRS 128

The adoption of the new MFRSs, new interpretations and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision.

Notes to the Financial Statements
30 June 2019 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (cont'd)

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

The adoption of MFRS 9 results in changes in accounting policies for financial instruments. The Group and the Company have implemented the new classification and measurement, and impairment rules under MFRS 9. The impact of reclassification and the calculation of ECL has no material impact to the financial statements of the Group and of the Company, and the standard has thus been implemented without adjusting the opening balance at 1 July 2018.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendment to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial applications of the abovementioned new MFRSs, new interpretations and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

2. Basis of Preparation (cont'd)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgement

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Useful lives of property, plant and equipment</u>

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed on Note 4.

<u>Deferred tax assets</u>

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed 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. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 21.

<u>Inventories valuation</u>

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

<u>Determination of transaction prices</u>

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

2. Basis of Preparation (cont'd)

(c) Significant accounting judgments, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Determination of transaction prices (cont'd)

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2019, the Group has tax recoverable and payable of RM39,732 (2018: RM Nil) and RM523,522 (2018: RM458,667) respectively.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies 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. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (cont'd)

(b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investments in an associate, 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 associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investments in an associate 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 associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The financial statements of the associates 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.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 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 associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence 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 associates 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. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (cont'd)

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investments in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. **Significant Accounting Policies** (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Furniture and fittings	10%
Office equipment	10% - 25%
Renovation	10%
Motor vehicles	10% - 20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. Significant Accounting Policies (cont'd)

(e) Leases

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

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position.

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

(f) Financial assets

Policy applicable from 1 July 2018

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and amount due from subsidiary companies.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable from 1 July 2018 (cont'd)

(b) Financial assets at fair value through other comprehensive income

Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable before 1 July 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets at initial recognition, as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

(g) Financial liabilities

Policy applicable from 1 July 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

3. Significant Accounting Policies (cont'd)

(g) Financial liabilities (cont'd)

Policy applicable before 1 July 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, as financial liabilities measured at amortised cost.

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(h) Offsetting of financial instruments

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

(i) Inventories

Work-in-progress and trading inventories are stated at the lower of cost and net realisable value.

Cost of trading inventories comprises cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. Significant Accounting Policies (cont'd)

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each reporting period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

Policy applicable from 1 July 2018

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

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

3. Significant Accounting Policies (cont'd)

(k) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Policy applicable from 1 July 2018 (cont'd)

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have 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.

Policy applicable before 1 July 2018

All financial assets, other than those categorised as investments in subsidiary companies and associates, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. Significant Accounting Policies (cont'd)

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group and 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 statements of profit or loss and other comprehensive income net of any reimbursement.

(n) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. 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.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from sale of goods. Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. Significant Accounting Policies (cont'd)

(o) Revenue recognition (cont'd)

(ii) Interest income

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

(iii) Rendering of services

Revenue from management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences 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. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. Significant Accounting Policies (cont'd)

(q) Income taxes (cont'd)

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

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

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Contingencies

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

4. Property, Plant and Equipment

Group	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
2019			
Cost			
At 1 July 2018	341,233	581,084	922,317
Additions	602,889	328,000	930,889
Disposals	-	(581,084)	(581,084)
At 30 June 2019	944,122	328,000	1,272,122
Accumulated depreciation			
At 1 July 2018	53,035	581,084	634,119
Charge for the financial year	46,231	16,400	62,631
Disposals	-	(581,084)	(581,084)
At 30 June 2019	99,266	16,400	115,666
Carrying amount			
At 30 June 2019	844,856	311,600	1,156,456
2018			
Cost			
At 1 July 2017	86,924	581,084	668,008
Additions	254,309	-	254,309
At 30 June 2018	341,233	581,084	922,317
Accumulated depreciation			
At 1 July 2017	40,944	581,084	622,028
Charge for the financial year	12,091	-	12,091
At 30 June 2018	53,035	581,084	634,119
Carrying amount			
At 30 June 2018	288,198	-	288,198

4. Property, Plant and Equipment (cont'd)

Company	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Total RM
2019					
Cost					
At 1 July 2018	2,550	5,953	7,905	581,084	597,492
Disposals	-	-	-	(581,084)	(581,084)
At 30 June 2019	2,550	5,953	7,905	-	16,408
Accumulated depreciation					
At 1 July 2018	1,722	4,163	5,334	581,084	592,303
Charge for the financial year	255	826	792	-	1,873
Disposals	-	-	-	(581,084)	(581,084)
At 30 June 2019	1,977	4,989	6,126	-	13,092
Carrying amount					
At 30 June 2019	573	964	1,779	-	3,316
2018					
Cost					
At 1 July 2017/ At 30 June 2018	2,550	5,953	7,905	581,084	597,492
Accumulated depreciation					
At 1 July 2017	1,467	3,270	4,544	581,084	590,365
Charge for the financial year	255	893	790	-	1,938
At 30 June 2018	1,722	4,163	5,334	581,084	592,303
Carrying amount					
At 30 June 2018	828	1,790	2,571	-	5,189

(a) Assets held under finance leases

As at 30 June 2019, the carrying amount of leased motor vehicles of the Group was RM311,600 (2018: RM Nil).

Leased assets are pledged as security for the related finance lease liabilities.

(b) Purchase of property, plant and equipment

The aggregate additional costs for the property, plant and equipment of the Group during the financial year acquired under finance lease financing and cash payments are as follows:

	Group 2019 RM	2018 RM
Aggregate costs	930,889	254,309
Less: Finance lease financing	(262,000)	-
Cash payments	668,889	254,309

5. Investments in Subsidiary Companies

	Company 2019 RM	2018 RM
In Malaysia:		
At cost		
Unquoted shares	250,006	8
Less: Accumulated impairment losses	(4)	(4)
	250,002	4
Outside Malaysia:		
At cost		
Unquoted shares	381	381
Carrying amount	250,383	385

Details of the subsidiary companies are as follows:

Name of Company	Place of Business/ Country of Incorporation	Effective Interest (%) 2019	Effective Interest (%) 2018	Principal Activities
Direct holding:				
Niche Express Gold Sdn. Bhd.	Malaysia	100	100	Processing and wholesale of jewellery, precious stones and precious metals
Niche Diamond Sdn. Bhd.	Malaysia	100	100	Retail of jewellery products
Niche Capital (HK) Limited *	Hong Kong	100	100	Trading of jewellery and jadeite stones
Wawasan Pasifika Sdn. Bhd.	Malaysia	100	100	Dormant
Jadekey Bridge Sdn. Bhd.	Malaysia	100	100	Dormant

** Subsidiary companies not audited by UHY*

(a) Additional investments in subsidiary company

On 17 May 2019, Wawasan Pasifika Sdn. Bhd., a wholly-owned subsidiary company of the Group had increased its paid up capital from 2 to 250,000 ordinary shares. The Company had subscribed for an additional of 249,998 new ordinary shares in Wawasan Pasifika Sdn. Bhd., a wholly-owned subsidiary of the Company, at an issue price of RM1.00 each for a total cash consideration of RM249,998.

(b) 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. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

6. Investments in Associates

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At cost				
Unquoted shares outside Malaysia	1,728	1,728	1,728	1,728
Disposals	(1,728)	-	(1,728)	-
	-	1,728	-	1,728
Less: Accumulated impairment losses	-	(1,728)	-	(1,728)
At 30 June	-	-	-	-
At 1 July	(1,728)	(1,728)	(1,728)	(1,728)
Reversal of impairment losses	1,728	-	1,728	-
At 30 June	-	(1,728)	-	(1,728)

Movements in the allowance for impairment losses of investments in associates are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At 1 July	(1,728)	(1,728)	(1,728)	(1,728)
Reversal of impairment losses	1,728	-	1,728	-
At 30 June	-	(1,728)	-	(1,728)

On 6 July 2018, the Company has completed its disposal of 3,600 ordinary shares of HKD1.00 each in Yikon (H.K.) Limited ("YHK") representing 36% equity interest in YHK held by the Company for a total cash consideration of HKD3,600.

Details of the associates are as follows:

Name of Company	Place of Business/ Country of Incorporation	Effective Interest (%) 2019	Effective Interest (%) 2018	Principal Activities
Yikon (H.K.) Limited *	Hong Kong	-	36	Investment holding, distributing and trading of gold jewellery and ornaments
Held through Yikon (H.K.) Limited				
Yikoni Gold (Shen Zhen) Co., Ltd. *	People's Republic of China	-	36	Retail of gold jewellery and ornaments

* *Associates not audited by UHY*

Summarised financial information of the Group's material associates are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

6. Investments in Associates (cont'd)

(a) Summarised statements of financial position

	Yikon (H.K.) Limited 2019 RM	2018 RM
Non-current assets	-	100,562
Current assets	-	24,798,157
Current liabilities	-	(31,406,081)
Net liabilities	-	(6,507,362)
Interests in associates	-	36%
Group's share of net liabilities	-	(2,342,650)
Impairment losses recognised	-	2,342,650
Carrying value of Group's interests in associates	-	-

(b) Summarised statement of profit or loss and other comprehensive income

	Yikon (H.K.) Limited 2019 RM	2018 RM
Revenue	-	3,440,044
Loss for the financial year	-	(3,518,623)

7. Amount Due From/(To) Subsidiary Companies

	Company 2019 RM	2018 RM
Amount due from subsidiary companies		
Non-current		
Non-trade related		
Non-interest bearing	6,424,811	494,130
Less: Accumulated impairment losses	(494,130)	(494,130)
	5,930,681	-
Current		
Non-trade related		
Non-interest bearing	15,991,222	16,038,765
Less: Accumulated impairment losses	(6,397,552)	(6,397,552)
	9,593,670	9,641,213
Amount due to subsidiary companies		
Current		
Non-trade related		
Non-interest bearing	127,823	-

7. Amount Due From/(To) Subsidiary Companies (cont'd)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2019	**2018**
	RM	**RM**
At 1 July/At 30 June	6,891,682	6,891,682

Non-current

Amount due from subsidiary companies with non-interest bearing are unsecured and not repayable within the next 12 months.

Current

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

8. Inventories

	Group	
	2019	**2018**
	RM	**RM**
At cost:		
Work-in-progress	26,000	26,000
Trading inventories	17,363,950	16,601,422
	17,389,950	16,627,422
Recognised in profit or loss:		
Inventories recognised as cost of sales	6,903,662	8,243,113

During the previous financial year, the conditions precedent of the Settlement Agreements with certain creditors had not been fulfilled within the period stipulated therein and as such, the Settlement Agreements have, ipso facto, been terminated effective 10 May 2018 and arising therefrom, the Group had returned unsold inventories under the Settlement Agreements totalling approximately RM50.8 million to the certain creditors.

9. Trade Receivables

	Group	
	2019	**2018**
	RM	**RM**
Trade receivables	8,970,600	5,851,005

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Group 2019 RM	2018 RM
Neither past due nor impaired	3,950,400	5,851,005
Past due not impaired:		
Less than 30 days	735,000	-
More than 90 days	4,285,200	-
	8,970,600	5,851,005

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30 June 2019, trade receivables of RM5,020,200 (2018: RM Nil) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

10. Other Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amount due from associates	-	6,669,146	-	6,658,309
Less: Accumulated impairment losses	-	(2,052,509)	-	(2,052,509)
	-	4,616,637	-	4,605,800
Other receivables	6,722,701	53,249	6,701,899	43,590
Less: Accumulated impairment losses	(2,052,509)	-	(2,052,509)	-
	4,670,192	53,249	4,649,390	43,590
Deposits	59,133	290,368	9,203	9,203
Prepayments	46,195	414,175	13,235	296,311
	4,775,520	5,374,429	4,671,828	4,954,904

The amount due from associates are unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 July/At 30 June	2,052,509	2,052,509	2,052,509	2,052,509

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

During the previous financial year, included in deposits of the Group is an amount of RM143,000 paid to acquire 90,000 units of ordinary shares representing 30% equity interests in an investee company ("Agreement") by Niche Diamond Sdn. Bhd. ("ND"), a wholly-owned subsidiary company of the Company.

On 24 November 2015, ND has terminated the Agreement after the completion of financial due diligence audit. In previous financial year, ND has collected RM100,000 from the investee company. The Directors of the Company are of the opinion that the deposits amount of RM143,000 are not able to recoverable and hence, this amount has been written off in current financial year.

11. Deposits, Cash and Bank Balances

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Short-term investment in cash funds with financial institutions	3,946	3,821	3,946	3,821
Cash and bank balances	504,529	796,015	376,907	175,013
Short-term deposits	5,470,692	-	5,470,692	-
	5,979,167	799,836	5,851,545	178,834

The effective interest rates and maturities of short-term investment in cash funds and short-term deposits of the Group and of the Company as at the end of the reporting period are as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Interest rate (%)	2.50 to 3.21	2.82 to 3.57	2.50 to 3.21	2.82 to 3.57
Maturities (days)	1 to 30	30	1 to 30	30

12. Share Capital

	Group and Company			
	Number of Ordinary Shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
At 1 July	333,037,850	333,037,600	32,849,664	32,849,619
Warrants exercised	-	250	-	45
Transition to no-par value regime on 31 January 2019				
- Share premium	-	-	7,465,098	-
Issuance of new shares	369,396,050	-	12,190,070	-
At 30 June	702,433,900	333,037,850	52,504,832	32,849,664

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM7,465,098 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the financial year, the Company issued Renounceable Rights Issue of 369,396,050 Right Shares with 221,637,630 Warrants on the basis of Right Shares for every one (1) existing share held together with three (3) Warants for every five (5) Right Shares subscribed for at an issued price of RM0.045 per Right Shares.

In previous financial year, the Company issued 250 new ordinary shares at RM0.16 per ordinary shares arising from exercise of warrants.

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

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

13. Reserves

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-Distributable					
Share premium	(a)	-	8,254,170	-	8,254,170
Warrant reserve	(b)	4,432,753	-	4,432,753	-
Foreign currency translation reserve	(c)	(397,479)	(476,888)	-	-
Accumulated losses		(22,233,246)	(21,034,529)	(32,372,417)	(29,467,288)
		(18,197,972)	(13,257,247)	(27,939,664)	(21,213,118)

The nature of reserves of the Group and of the Company are as follows:

(a) Share premium

	Group and Company	
	2019 RM	2018 RM
At 1 July	8,254,170	8,254,170
Share issuance expenses	(789,072)	-
Transition to share capital in accordance with Section 618(2) of the Companies Act 2016 (Note 12)	(7,465,098)	-
At 30 June	-	8,254,170

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM7,465,098 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act.

(b) Warrant reserve

Movement in the warrants are as follows:

	Group and Company	
	2019 RM	2018 RM
Warrants 2012/2017		
At 1 July	-	1,225,307
Exercised during the financial year	-	(5)
Lapsed	-	(1,225,302)
At 30 June	-	-
Warrants 2019/2024		
At 1 July	-	-
Issued during the financial year	4,432,753	-
At 30 June	4,432,753	-

Proceed from the issuance of warrants, net of issuance costs, are credited to warrant reserve which is non-distributable. Warrant reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings/accumulated losses.

Warrants reserve represent reserve allocate to free detachable warrants issued with rights issue.

13. Reserves (cont'd)

(b) Warrant reserve (cont'd)

The salient features of the warrants are as follows:

Warrants 2012/2017

(i) Each warrant entitles the holder to subscribe for one (1) new Niche Capital Emas Holdings Berhad ("NICE") share at the exercise price during the exercise period. Any warrant not exercised during the exercise period shall thereafter lapse and cease to be valid for any purpose.

(ii) The warrants may be exercised at any time on or before the expiry date of five years from the issue date of the warrants on 10 August 2012. The exercise price for the warrants was fixed at RM0.16 per share.

(iii) The registered holder of the warrants shall pay cash equivalents to the exercise price for each warrant held when subscribing for the new NICE shares.

(iv) The new NICE shares to be issued upon exercise of the warrants, when issued and allotted, will in all respect rank pari-passu with the NICE shares on the relevant date of issue the new NICE shares, except for any dividend, right, allotment and/or other distribution that may be declared, made or paid, the record date for which precedes the relevant date of issue of the new NICE shares.

Warrants 2019/2024

(i) Each warrant entitles the holder to subscribe for one (1) new Niche Capital Emas Holdings Berhad ("NICE") share at any time during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll.

(ii) The warrants are exercisable any time during the tenure of 5 years commencing the date of issue, 23 January 2019 to 22 January 2024 ("Exercise Period") at an exercise price of RM0.06 per warrant.

(iii) The registered holder of the warrants shall pay bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia to the exercise price for each warrant held when subscribing for the new NICE shares.

(iv) The new NICE shares to be issued upon exercise of the warrants, when issued and allotted, will in all respect rank pari-passu with the NICE shares on the relevant date of issue the new NICE shares, except for any dividend, right, allotment and/or other distribution that may be declared, made or paid, the record date for which precedes the relevant date of issue of the new NICE shares.

As at 30 June 2019, the total number of Warrants that remained unexercised were 221,637,630 (2018: Nil).

In previous financial year, a total of 250 warrants were exercised before the expiry date of the warrants on 9 August 2017. As at the expiry date of 9 August 2017, 53,096,370 unexercised warrants had lapsed and thereafter ceased to be valid for any purpose.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents 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.

14. Finance Lease Liabilities

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Secured				
Non-Current				
Finance lease liabilities	225,867	-	-	-
Current				
Finance lease liabilities	21,572	20,371	-	20,371
	247,439	20,371	-	20,371
Minimum lease payments:				
Within one year	36,012	20,371	-	20,371
Later than one year and not later than two years	36,012	-	-	-
Later than two years and not later than five years	108,036	-	-	-
Later than five years	125,949	-	-	-
	306,009	20,371	-	20,371
Less: Future finance charges	(58,570)	-	-	-
Present value of minimum lease payments	247,439	20,371	-	20,371
Present value of minimum lease payments:				
Within one year	21,572	20,371	-	20,371
Later than one year and not later than two years	25,592	-	-	-
Later than two years and not later than five years	84,670	-	-	-
Later than five years	115,605	-	-	-
	247,439	20,371	-	20,371

The Group leases motor vehicles under finance lease (Note 4). There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payment.

The average effective interest rate as at the end of the reporting period is 4.86% per annum (2018: 5.05%).

15. Trade Payables

	Group 2019 RM	Group 2018 RM
Trade payables	12,825	2,090,200

Credit terms of trade payables of the Group is 30 days (2018: 30 days) depending on the terms of the contracts.

16. Other Payables

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Other payables	749,014	964,583	341,301	635,178
Amount due to Directors	1,119,674	4,434,113	10,521	1,354,343
Amount due to associates	-	8,469	-	5,408
Accruals	1,352,091	1,372,070	1,256,610	1,128,679
	3,220,779	6,779,235	1,608,432	3,123,608

Included in other payables is RM6,903 (2018: RM6,903) due to a Director of a subsidiary company. The amount is unsecured, non-interest bearing and repayable on demand.

The amount due to Directors and associates are unsecured, non-interest bearing and repayable on demand.

17. Revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customers:				
- Sale of goods	8,900,600	13,159,097	-	-

The timing of revenue recognition is at a point in time.

Breakdown of the Group's revenue from contracts with customers:

	Trading RM
Group	
2019	
Major goods and services:	
Sale of goods	8,900,600
Geographical market:	
Malaysia	8,900,600
2018	
Major goods and services:	
Sale of goods	13,159,097
Geographical market:	
Malaysia	137,599
Hong Kong	13,021,498
	13,159,097

18. Finance Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest expenses on:				
Finance lease liabilities	3,445	827	-	827

19. (Loss)/Profit before Tax

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Auditors' remuneration				
- statutory audit	85,260	91,687	46,000	80,000
- (over)/under provision in prior years	(18,217)	6,819	(18,750)	6,000
- non-audit services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	62,631	12,091	1,873	1,938
Deposits written off	143,000	-	-	-
Fair value adjustment on amount due from subsidiary companies	-	-	1,403,966	-
Foreign exchange (gain)/loss				
- Realised	(234)	56,324	(126)	(20)
- Unrealised	94,860	748,285	(71)	(204)
Interest income	(87,395)	(113)	(87,219)	(113)
Gain on disposals of property, plant and equipment	(66,000)	-	(66,000)	-
Non-executive Directors' remuneration				
- Fee	167,000	162,833	167,000	162,833
- Other emoluments	12,000	17,000	12,000	17,000
Rental of premises	407,717	278,140	30,750	30,660
Reversal of impairment losses on investments in associates	(1,728)	-	(1,728)	-
Waiver of debts	-	(103,054)	-	(103,054)

20. Taxation

	Group 2019 RM	Group 2018 RM
Tax expenses recognised in profit or loss		
Current tax		
- Current year	-	307,013
- Over provision in prior years	-	(2,128)
	-	304,885
Deferred tax		
- Origination and reversal of temporary differences	-	(3,800)
- Over provision in prior years	-	(200)
	-	(4,000)
	-	300,885

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
(Loss)/Profit before tax	(1,198,717)	1,246,811	(2,905,129)	(704,467)
At Malaysian statutory tax rate of 24%	(287,692)	299,235	(697,231)	(169,072)
Effect of difference tax rate in other jurisdictions	32,401	(239,210)	-	-
Expenses not deductible for tax purposes	214,879	147,953	449,123	79,310
Income not subject to tax	-	(214,721)	-	(225)
Deferred tax assets not recognised	40,412	309,956	248,108	89,987
	-	303,213	-	-
Over provision of income tax in prior years	-	(2,128)	-	-
Over provision of deferred tax in prior years	-	(200)	-	-
	-	300,885	-	-

20. Taxation (cont'd)

The unutilised capital allowances and unused tax losses which are available to be carried forward to set off against future chargeable income are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Unutilised capital allowances	1,135	35,633	1,135	309
Unused tax losses	1,821,385	1,602,339	1,486,693	453,737
	1,822,520	1,637,972	1,487,828	454,046

21. Deferred Taxation

	Group 2019 RM	Group 2018 RM
At 1 July	-	4,000
Recognised in profit or loss	-	(3,800)
Over provision in prior years	-	(200)
At 30 June	-	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group 2019 RM	Group 2018 RM
Deferred tax assets	(10,681)	(7,869)
Deferred tax liabilities	10,681	7,869
	-	-

The components and movements of deferred tax assets and liabilities are as follows:

	Unutilised capital allowances RM	Unutilised tax losses RM	Total RM
Group			
Deferred tax assets			
At 1 July 2017	(168)	-	(168)
Recognised in profit or loss	(452)	(7,249)	(7,701)
At 30 June 2018	(620)	(7,249)	(7,869)
Recognised in profit or loss	872	(4,751)	(3,879)
Over provision in prior years	(252)	1,319	1,067
At 30 June 2019	-	(10,681)	(10,681)

21. Deferred Taxation (cont'd)

	Accelerated capital allowances RM
Group	
Deferred tax liabilities	
At 1 July 2017	4,168
Recognised in profit or loss	3,901
Over provision in prior years	(200)
At 30 June 2018	7,869
Recognised in profit or loss	3,879
Over provision in prior years	(1,067)
At 30 June 2019	10,681

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Unutilised capital allowances	1,135	32,001	1,135	309
Unutilised tax losses	1,776,878	1,577,629	1,486,693	453,737
	1,778,013	1,609,630	1,487,828	454,046

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

22. (Loss)/Earnings per Share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2019 RM	Group 2018 RM
(Loss)/Profit attributable to owners of the parent	(1,198,717)	945,926
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 July	333,037,850	333,037,600
Effect of ordinary shares issued during the financial year	160,914,992	228
Weighted average number of ordinary shares at 30 June	493,952,842	333,037,828
Basic (loss)/earnings per ordinary share (in sen)	(0.24)	0.28

22. (Loss)/Earnings per Share (cont'd)

(b) Diluted (loss)/earnings per share

The Group and the Company have no dilution in their (loss)/earnings per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial year, the options do not have any dilutive effect on the weighted average number of ordinary shares.

23. Staff Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Salaries, wages and other emoluments	678,942	774,642	362,332	485,804
Social security contributions	5,803	5,956	2,207	2,326
Defined contribution plans	71,974	94,329	33,035	58,428
	756,719	874,927	397,574	546,558

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Director of the Company and of the subsidiary companies during the financial year as below:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Executive Director				
Existing Director of the Company				
Salaries, bonus and other emoluments	360,000	360,000	360,000	360,000
Social security contributions	923	829	923	829
Defined contribution plans	43,200	43,200	43,200	43,200
	404,123	404,029	404,123	404,029

24. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 July 2018 RM	Financing cash flow (i) RM	New finance lease (Note 4(b)) RM	Other Changes (ii) RM	At 30 June 2019 RM
Group					
Finance lease liabilities	20,371	(34,932)	262,000	-	247,439
Company					
Finance lease liabilities	20,371	(20,371)	-	-	-
Amount due (from)/ to subsidiary company	(9,641,213)	(7,159,281)	-	1,403,966	(15,396,528)
	(9,620,842)	(7,179,652)	-	1,403,966	(15,396,528)

24. Reconciliation of Liabilities Arising from Financing Activities (cont'd)

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (cont'd)

	At 1 July 2017 RM	Financing cash flow (i) RM	At 30 June 2018 RM
Group			
Finance lease liabilities	109,544	(89,173)	20,371
Company			
Amount due from subsidiary companies	(4,853,885)	(4,787,328)	(9,641,213)

(i) The cash flows from finance lease liabilities and amount due to subsidiary company make up the net amount of proceeds from or repayments of finance lease liabilities and amount due to subsidiary company in the statements of cash flows.

(ii) Other changes derived from fair value adjustment on amount due from subsidiary companies.

25. Contingencies

Contingent assets

On 6 August 2012, the Company announced the default in the repayment of the amount demanded by the Banks for the corporate guarantees issued for the banking facilities defaulted by the former subsidiary company pursuant to Practice Note 1 ("PN 1") issued by Bursa Malaysia Securities Berhad. A Solvency Declaration was provided by the Board of Directors of the Company to Bursa Malaysia Securities Berhad on the same day.

On 24 April 2013, the Company announced the acceptance of the offer letters from the Banks for:

(i) proposed debts settlement on behalf of the former subsidiary company in respect of the former subsidiary company's outstanding debts to the Banks; and
(ii) discharge of corporate guarantees issued by the Company favouring the Banks for banking facilities granted to the former subsidiary. (collectively "Proposed Debts Settlement")

The salient terms of Proposed Debts Settlement, inter-alia, are as follows:

(i) The Banks have agreed in principle to accept a full and final settlement sum of RM11,512,725 ("Settlement Sum") as settlement of the total outstanding bank facilities of the former subsidiary company as at 31 December 2012 of RM16,593,233.
(ii) The Company will settle the Settlement Sum via a proposed issuance of 104,898,790 new ordinary share of RM0.10 each in the Company at the par value ("Proposed Private Placement") and RM1,022,846 in cash.

On 26 June 2014, the Company entered into a debt settlement agreement with Yikon Jewellery Industry Sdn. Bhd. ("the former subsidiary company") and the following creditors ("Creditor Banks"):

(i) AmBank (M) Berhad;
(ii) CIMB Bank Berhad;
(iii) RHB Bank Berhad; and
(iv) United Overseas Bank (Malaysia) Bhd.

Pursuant to the debt settlement agreement, the Company intends to undertake a proposed debt settlement of debt due from the former subsidiary company's outstanding debts to the Creditor Banks in the aggregate sum of RM16,593,233 (as at 31 December 2012) via cash payment of RM1.014 million and issuance of 115,130,000 ordinary shares of RM0.10 each to the Creditor Banks.

25. Contingencies (cont'd)

Contingent assets (cont'd)

On 23 December 2014, the Company had allotted 115,130,000 ordinary shares to the following Creditor Banks as below:

(i) 9,130,000 ordinary shares to AmBank (M) Berhad;
(ii) 17,000,000 ordinary shares to CIMB Bank Berhad;
(iii) 64,800,000 ordinary shares to RHB Bank Berhad; and
(iv) 24,200,000 ordinary shares to United Overseas Bank (Malaysia) Bhd.

The listing and quotation for the shares was effected on 24 December 2014.

On 6 May 2015, the Company announced the PN 1 status had been regularised and uplifted as the Board of Directors of the Company had received letters from the Creditor Banks confirming that all amounts due from the former subsidiary company have been fully settled and the Company is released from all liabilities in connection thereof.

As at 30 June 2019, the Group and the Company estimated an amount of RM6,505,668 as a contingent assets shall be received from the former subsidiary company.

26. Related Party Disclosures

(a) Identifying related parties

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 joint 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 party 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		**Company**	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Transactions with subsidiary company - Management fee	-	-	-	600,000
Transactions with associate company - Repayment from Yikon (H.K.) Limited	-	(4,394,948)	-	(4,394,200)
Transactions with Directors of the Company - (Repayment)/Advances to group/ company	(3,314,439)	2,976,454	(1,343,822)	150,000
Transactions with Directors and their close family members - Consultation fee	-	180,000	-	180,000

26. Related Party Disclosures (cont'd)

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 19 and 23.

27. Segment Information

The Group's activities are principally confined to the manufacture and sales of gold jewellery and ornaments. Accordingly, the business segment of the Group is not presented.

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Malaysia RM	Other Asian countries RM	Adjustments and eliminations RM	Consolidated RM
2019				
Revenue				
External customers/Total revenue	8,900,600	826,819	(826,819)	8,900,600
Results				
(Loss)/Profit from operations before interest income	(1,410,124)	(135,003)	262,460	(1,282,667)
Interest income	87,395	-	-	87,395
(Loss)/Profit from operations	(1,322,729)	(135,003)	262,460	(1,195,272)
Finance costs	(3,445)	-	-	(3,445)
(Loss)/Profit before tax	(1,326,174)	(135,003)	262,460	(1,198,717)
Taxation	-	-	-	-
(Loss)/Profit for the financial year	(1,326,174)	(135,003)	262,460	(1,198,717)
Assets and liabilities				
Segment assets	53,075,077	6,406,531	(21,170,183)	38,311,425
Segment liabilities	29,187,817	3,129,337	(28,312,589)	4,004,565
Other information				
Capital expenditure	930,889	-	-	930,889
Depreciation of property, plant and equipment	62,631	-	-	62,631
Other material non-cash items	426,389	(255,289)	(968)	170,132

27. Segment Information (cont'd)

	Malaysia RM	Other Asian countries RM	Adjustments and eliminations RM	Consolidated RM
2018				
Revenue				
External customers/Total revenue	797,599	23,775,838	(11,414,340)	13,159,097
Results				
(Loss)/Profit from operations before interest income	(1,922,137)	2,275,929	893,733	1,247,525
Interest income	113	-	-	113
(Loss)/Profit from operations	(1,922,024)	2,275,929	893,733	1,247,638
Finance costs	(827)	-	-	(827)
(Loss)/Profit before tax	(1,922,851)	2,275,929	893,733	1,246,811
Taxation	6,128	(307,013)	-	(300,885)
(Loss)/Profit for the financial year	(1,916,723)	1,968,916	893,733	945,926
Assets and liabilities				
Segment assets	31,627,232	11,071,290	(13,757,632)	28,940,890
Segment liabilities	22,497,547	8,000,962	(21,150,036)	9,348,473
Other information				
Capital expenditure	254,309	-	-	254,309
Depreciation of property, plant and equipment	12,091	-	-	12,091
Other material non-cash items	(102,234)	1,390,187	(642,722)	645,231

Capital expenditure consists of additions of property, plant and equipment.

Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Group 2019 RM	Group 2018 RM
Deposits written off	143,000	-
Reversal of impairment losses on investments in associates	(1,728)	-
Unrealised loss on foreign exchange	94,860	748,285
Gain on disposals of property, plant and equipment	(66,000)	-
Waiver of debts	-	(103,054)
	170,132	645,231

27. Segment Information (cont'd)

Geographic information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

Group	Revenue 2019 RM	Revenue 2018 RM	Non-current assets 2019 RM	Non-current assets 2018 RM
Malaysia	8,900,600	137,599	1,156,456	288,198
Hong Kong	-	13,021,498	-	-
	8,900,600	13,159,097	1,156,456	288,198

Non-current assets for this purpose consist of property, plant and equipment.

Major customers

Revenue from two major customers amount to RM8,733,400 (2018: RM11,658,464), arising from sales in Malaysia (2018: Hong Kong).

28. Financial Instruments

(a) 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 the 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:

Group	At amortised cost RM
2019	
Financial assets	
Trade receivables	8,970,600
Other receivables	4,729,325
Deposits, cash and bank balances	5,979,167
	19,679,092
Financial liabilities	
Trade payables	12,825
Other payables	3,220,779
Finance lease liabilities	247,439
	3,481,043

28. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

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: (cont'd)

Group	**Loans and receivables RM**	**Financial liabilities measured at amortised cost RM**	**Total RM**
2018			
Financial assets			
Trade receivables	5,851,005	-	5,851,005
Other receivables	4,960,254	-	4,960,254
Deposit, cash and bank balances	799,836	-	799,836
	11,611,095	-	11,611,095
Financial liabilities			
Trade payables	-	2,090,200	2,090,200
Other payables	-	6,779,235	6,779,235
Finance lease liabilities	-	20,371	20,371
	-	8,889,806	8,889,806

Company	**At amortised cost RM**
2019	
Financial assets	
Other receivables	4,658,593
Amount due from subsidiary companies	15,524,351
Deposit, cash and bank balances	5,851,545
	26,034,489
Financial liabilities	
Other payables	1,608,432
Amount due to subsidiary company	127,823
	1,736,255

28. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

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: (cont'd)

Company	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2018			
Financial assets			
Other receivables	4,658,593	-	4,658,593
Amount due from subsidiary companies	9,641,213	-	9,641,213
Cash and bank balances	178,834	-	178,834
	14,478,640	-	14,478,640
Financial liabilities			
Other payables	-	3,123,608	3,123,608
Finance lease liabilities	-	20,371	20,371
	-	3,143,979	3,143,979

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables are credit impaired.

28. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that is written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to previous financial year.

Credit risk concentration

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of reporting period are as follows:

Group	**2019 RM**	**2018 RM**
Hong Kong	937,200	5,851,005
Malaysia	8,033,400	-
	8,970,600	5,851,005

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

28. **Financial Instruments** (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2019						
Non-derivative financial liabilities						
Finance lease liabilities	36,012	36,012	108,036	125,949	306,009	247,439
Trade payables	12,825	-	-	-	12,825	12,825
Other payables	3,220,779	-	-	-	3,220,779	3,220,779
	3,269,616	36,012	108,036	125,949	3,539,613	3,481,043

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Group			
2018			
Non-derivative financial liabilities			
Finance lease liabilities	20,371	20,371	20,371
Trade payables	2,090,200	2,090,200	2,090,200
Other payables	6,779,235	6,779,235	6,779,235
	8,889,806	8,889,806	8,889,806

28. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. (cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2019			
Non-derivative financial liabilities			
Other payables	1,608,432	1,608,432	1,608,432
Amount due to subsidiary company	127,823	127,823	127,823
	1,736,255	1,736,255	1,736,255
2018			
Non-derivative financial liabilities			
Finance lease liabilities	20,371	20,371	20,371
Other payables	3,123,608	3,123,608	3,123,608
	3,143,979	3,143,979	3,143,979

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Chinese Renminbi (RMB) and Hong Kong Dollar (HKD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in		
	RMB RM	HKD RM	Total RM
Group			
2019			
Trade receivables	937,200	-	937,200
Other receivables	-	4,616,942	4,616,942
Cash and bank balances	-	529	529
Other payables	(5,337)	(135,397)	(140,734)
	931,863	4,482,074	5,413,937
2018			
Trade receivables	5,851,005	-	5,851,005
Other receivables	-	4,658,205	4,658,205
Cash and bank balances	-	515	515
Other payables	(8,469)	(2,865,888)	(2,874,357)
	5,842,536	1,792,832	7,635,368

28. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the RMB and HKD exchange rates against RM, with all other variables held constant.

Group	**Change in currency rate**	**2019 Effect on loss before tax RM**	**Change in currency rate**	**2018 Effect on profit before tax RM**
RMB	Strengthened 5%	46,593	Strengthened 5%	292,127
	Weakened 5%	(46,593)	Weakened 5%	(292,127)
HKD	Strengthened 5%	224,104	Strengthened 5%	89,642
	Weakened 5%	(224,104)	Weakened 5%	(89,642)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and financial institutions and borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks and financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM	**2018 RM**
Group		
Fixed rate instruments		
Financial assets	5,474,638	3,821
Financial liabilities	(247,439)	(20,371)
Company		
Fixed rate instruments		
Financial assets	5,474,638	3,821
Financial liabilities	-	(20,371)

28. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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 rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value financial instruments not carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total fair value RM**	**Carrying amount RM**
Group					
2019					
Financial liability					
Finance lease liabilities	-	239,100	-	239,100	225,867

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

29. Capital Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Finance lease liabilities (Note 14)	247,439	20,371	-	20,371
Less: Deposits, cash and bank balances	(5,979,167)	(799,836)	(5,851,545)	(178,834)
Net debt	(5,731,728)	(779,465)	(5,851,545)	(158,463)
Total equity	34,306,860	19,592,417	24,565,168	11,636,546
Gearing ratio	-*	-*	-*	-*

* The gearing ratio is not applicable as the Group and the Company have sufficient cash and bank balances to settle the liabilities as at year end.

There were no changes in the Group's approach to capital management during the financial year.

30. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 October 2019.

Analysis of Shareholdings

as at 26 September 2019

TOTAL NUMBER OF ISSUED SHARES	:	702,433,900
CLASS OF SHARE	:	Ordinary Shares
VOTING RIGHTS	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
Less than 100	5	0.26	250	0.00
100 - 1,000	625	32.38	200,285	0.03
1,001 - 10,000	332	17.20	1,959,215	0.28
10,001 - 100,000	629	32.59	29,930,900	4.26
100,001 to less than 5% of issued shares	337	17.46	323,813,250	46.10
5% and above of issued shares	2	0.11	346,530,000	49.33
Total	1,930	100.00	702,433,900	100.00

DIRECTORS' SHAREHOLDINGS

The Directors' interests in the Company based on the Register of Directors' Shareholdings of the Company are as follows:

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1	Datuk Khairul Idham Bin Ismail	-	-	-	-
2	Julian Foo Kuan Lin	225,930,000	32.16	-	-
3	Mah Weng Kee	-	-	-	-
4	Ng Chin Nam	-	-	-	-
5	Dato' Tan Sek Yin	390,000	0.05	660,000 #	0.09
6	Tong Siut Moi	-	-	-	-

Deemed interested via Top-Gold Resources Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company based on the Register of Substantial Shareholders of the Company are as follows:

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1	Julian Foo Kuan Lin	225,930,000	32.16	-	-
2	Pang Ling	120,600,000	17.16	-	-

Analysis of Shareholdings
as at 26 September 2019 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Shares
1	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR JULIAN FOO KUAN LIN	225,930,000	32.16
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG LING	120,600,000	17.17
3	FONG KOK CHIN	31,168,300	4.44
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK HOCK BING	24,050,000	3.42
5	YEE SHIA MING	21,467,000	3.06
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI LING	20,000,000	2.85
7	FOONG CHEE HOE	14,140,900	2.01
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	8,819,700	1.26
9	YIP KIM HOE	8,538,200	1.22
10	LIEW SIEW CHIN	6,435,000	0.92
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD DOM BIN AHMAD	6,394,000	0.91
12	MELVIN CHOW JIN HOONG	5,000,000	0.71
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KON HING (MY3223)	4,167,100	0.59
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEGA DEVAN A/L M NADCHATIRAM	4,036,700	0.57
15	LOH SIEW JIANN	4,000,000	0.57
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PREMA A/P RAMAN	4,000,000	0.57
17	NGANG CHING TANG	3,975,000	0.56
18	CHAN CHIN NUNG	3,666,000	0.52
19	MUK KAM KONG	3,627,000	0.51
20	CHIN KOK ON	3,091,500	0.44
21	CHIN POH ON	3,091,500	0.44
22	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KON HING (AY0036)	3,000,000	0.43
23	TAN TECK TAY	3,000,000	0.43
24	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE SING (CCTS)	2,902,300	0.41
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHING TECK KEE (CHI3219C)	2,780,000	0.40
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA LUAN (MY2420)	2,640,000	0.38
27	MAURICE ERNEST SCULLY	2,222,400	0.31
28	HO CHUN SIONG	2,000,000	0.28
29	NGANG HUEY LANG	1,950,000	0.28
30	LAU CHIN AN	1,876,000	0.27
		548,568,600	78.09

Analysis of Warrant Holdings

as at 26 September 2019

NO. OF WARRANT ORIGINAL ISSUED	:	221,637,630
EXERCISE PRICE	:	RM0.06
EXERCISE RATIO	:	1 WARRANT FOR 1 ORDINARY SHARE
EXERCISE PERIOD	:	5 YEARS
MATURITY DATE	:	22 JANUARY 2024

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Holders	No. of Warrant Held	% of Warrant Held
Less than 100	1	0.52	40	0.00
100 - 1,000	6	3.13	3,100	0.00
1,001 - 10,000	48	25.00	236,490	0.11
10,001 - 100,000	63	32.81	3,404,940	1.54
100,001 to less than 5% of issued warrant	68	35.42	50,546,740	22.80
5% and above of issued warrant	6	3.12	167,446,320	75.55
Total	192	100.00	221,637,630	100.00

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrant	% of Warrant
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG LING	60,000,000	27.07
2	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR JULIAN FOO KUAN LIN	43,600,000	19.67
3	FONG KOK CHIN	24,894,620	11.23
4	KOON WOH	14,151,700	6.38
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI LING	13,500,000	6.09
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK HOCK BING	11,300,000	5.10
7	LOH SIEW JIANN	10,000,000	4.51
8	FOONG KAYE YING	2,700,000	1.22
9	YAP KON HING	2,521,600	1.14
10	CHAN CHIN NUNG	2,100,000	0.95
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOU PEI LING	2,000,000	0.90
12	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA LUAN (MY2420)	1,740,500	0.77
13	YOU PEI LING	1,500,000	0.68
14	ONG BOON LING	1,400,000	0.63
15	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN CHEE MING	1,300,000	0.59
16	YIP KIM HOE	1,300,000	0.59
17	MAURICE ERNEST SCULLY	1,133,440	0.51
18	NGOI LEONG EE	1,100,000	0.50
19	CHIANG SIEW ENG @ LE YU AK EE	1,099,400	0.50

Analysis of Warrant Holdings
as at 26 September 2019 (cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No.	Name	No. of Warrant	% of Warrant
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YOON PECK	1,000,000	0.45
21	NADIA LOK BINTI ABDULLAH	1,000,000	0.45
22	HEW SOON WEE	900,000	0.41
23	YIAU WOAN SEE	900,000	0.41
24	CHONG YONG LIN	899,900	0.41
25	KONG POOI MUN	850,000	0.38
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN	800,000	0.36
27	PANG SIEW LAN	800,000	0.36
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. YAM TUNKU NADZARUDDIN IBNI TUANKU JA'AFAR @ TUNKU NADZARUDDIN RADEN (ACCOUNT 2)	600,000	0.27
29	HONG SOO CHEENG	600,000	0.27
30	TAN KIM ENG	600,000	0.27
		206,291,160	93.08

Notice of Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting ("AGM") of the Company will be held at MÙ Hotel, No 18, Jalan Chung On Siew, 30250 Ipoh, Perak, Malaysia on Thursday, 28 November 2019 at 11.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 and Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors retiring in accordance with Clause 103 of the Company's Constitution:

   (a) Mr Mah Weng Kee **Ordinary Resolution 1**
   (b) Ms Tong Siut Moi **Ordinary Resolution 2**

3. To approve the Directors' fees and benefits payable of up to an aggregate amount of approximately RM250,000 from 28 November 2019 until the next AGM of the Company. **Ordinary Resolution 3**

4. To re-appoint Messrs UHY as Auditors of the Company and to authorise Directors to determine their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS:
To consider and if thought fit, to pass the following resolutions with or without modification:

5. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 5**
   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company and subject to the approval of all the relevant government and/or regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares issued pursuant to this resolution does not exceed 10% of the total number of issued share of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

6. **RETENTION OF SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 6**
   "THAT Mr Ng Chin Nam be retained as Senior Independent Non-Executive Director of the Company."

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Ong Tze-En (MAICSA 7026537)
Company Secretary
Penang, 30 October 2019

Notes:

Appointment of Proxy

1. A proxy may but need not be a Member.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his 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 (1) 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 If the appointor is a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote in his/her behalf.

Explanatory Note on Ordinary Business:

The **Ordinary Resolution 3**, is to seek shareholders' approval on the Directors' fee and benefits payable to the Directors which have been reviewed by the Nominating and Remuneration Committee and the Board of Directors of the Company, which recognises that the Directors' fees and benefits payable is in the best interest of the Company. The benefits comprised of meeting allowance and Board Committee allowances. In determining the estimated total amount of benefits payable, the Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

Explanatory Notes on Special Business:

1. The proposed **Ordinary Resolution 5**, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issue and allot new ordinary shares in the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 November 2018 and which will lapse at the conclusion of the Eighteenth AGM.

   The renewal of this General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
2. The proposed **Ordinary Resolution 6**, if passed, will allow Mr Ng Chin Nam to be retained as Senior Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, via the Nominating and Remuneration Committee, conducted an annual performance evaluation and assessment of, Mr Ng Chin Nam, who will serve as Senior INED of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Senior INED of the Company based on the justifications as set out under the Corporate Governance Overview Statement in the Annual Report 2019.

Statement Accompanying Notice of Annual General Meeting

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

No individual is standing for election as a Director at the forthcoming Eighteenth AGM of the Company.

Niche Capital Emas

NICHE CAPITAL EMAS HOLDINGS BERHAD
(527272-V)

Form of Proxy

CDS Account No.	No. of Shares held

I/We ____

(Full Name in Block Letters and NRIC No./ Passport No./ Company No.)

of ____

(Full Address)

and *telephone no./ email address ____

being a member/members of Niche Capital Emas Holdings Berhad ("the Company"), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

*and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting ("AGM") of the Company, to be held at MÙ Hotel, No 18, Jalan Chung On Siew, 30250 Ipoh, Perak, Malaysia on Thursday, 28 November 2019 at 11.00 a.m., or at any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	Re-election of Mr Mah Weng Kee		
2.	Re-election of Ms Tong Siut Moi		
3.	Approval of the Directors' fees and benefits payable of up to an aggregate amount of approximately RM250,000 from 28 November 2019 until the next AGM of the Company		
4.	Re-appointment of Messrs UHY as Auditors of the Company		
5.	Authority to allot and issue shares by directors pursuant to Sections 75 and 76 of the Companies Act 2016		
6.	Continuation in office as a Senior Independent Non-Executive Director		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

* Strike out whichever is not desired.

Signed this day of , 2019.

....

Signature of Shareholder(s)/Common Seal

Notes:

1. A proxy may but need not be a Member.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his 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 (1) 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. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote in his/her behalf.

Personal Data Privacy:

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

PLEASE FOLD HERE

Stamp
Here

To

THE COMPANY SECRETARY
Niche Capital Emas Holdings Berhad (527272-V)
170-09-01, Livingston Tower
Jalan Argyll 10050 George Town
Pulau Pinang, Malaysia

PLEASE FOLD HERE

Niche Capital Emas

Niche Capital Emas Holdings Berhad (527272-V)
Unit 3.1, 3rd Floor, Wisma Leader
No. 8 Jalan Larut, 10050 George Town, Penang, Malaysia.
Tel: 604 - 2298108 • Fax: 604 - 2297108
Email: info@nichecapital.com.my
website: www.nichecapital.com.my