

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
 (The figures have not been audited)

| | Note | Quarter ended 30.06.19 RM'000 | Quarter ended 30.06.18 RM'000 | Year to date 30.06.19 RM'000 | Year to date 30.06.18 RM'000 |
|--|------|-------------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| Revenue | 17 | 30,474 | 43,699 | 30,474 | 43,699 |
| Operating expenses | | (29,735) | (41,475) | (29,735) | (41,475) |
| Other income | | 294 | 307 | 294 | 307 |
| Operating income | | <u>1,033</u> | <u>2,531</u> | <u>1,033</u> | <u>2,531</u> |
| Finance costs | | (311) | (278) | (311) | (278) |
| Profit before taxation | 18 | <u>722</u> | <u>2,253</u> | <u>722</u> | <u>2,253</u> |
| Taxation | 19 | (298) | (472) | (298) | (472) |
| Profit for the period | | <u>424</u> | <u>1,781</u> | <u>424</u> | <u>1,781</u> |
| Other comprehensive income | | | | | |
| Foreign currency translation differences on foreign operations | | - | (1) | - | (1) |
| Realisation of revaluation surplus upon depreciation | | 48 | 36 | 48 | 36 |
| Transfer from realisation of revaluation surplus to retained profits | | (48) | (36) | (48) | (36) |
| Total comprehensive income for the period | | <u>424</u> | <u>1,780</u> | <u>424</u> | <u>1,780</u> |
| Attributable to : | | | | | |
| Owners of the Parent | | 429 | 1,791 | 429 | 1,791 |
| Non-controlling interests | | (5) | (10) | (5) | (10) |
| Profit for the period | | <u>424</u> | <u>1,781</u> | <u>424</u> | <u>1,781</u> |
| Attributable to : | | | | | |
| Owners of the Parent | | 429 | 1,790 | 429 | 1,790 |
| Non-controlling interests | | (5) | (10) | (5) | (10) |
| Total comprehensive income for the period | | <u>424</u> | <u>1,780</u> | <u>424</u> | <u>1,780</u> |
| Earnings per share attributable to owners of the parent | | | | | |
| - Basic (sen) | 24 | <u>0.14</u> | <u>0.60</u> | <u>0.14</u> | <u>0.60</u> |
| - Diluted (sen) | 24 | <u>0.14</u> | <u>0.57</u> | <u>0.14</u> | <u>0.57</u> |

Notes:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019
 (The figures have not been audited)

| | | As At 30.06.19 RM'000 | (Audited) As At 31.03.19 RM'000 |
|---|----|-----------------------------|--|
| ASSETS | | | |
| Non-current assets | | | |
| Land held for development | | 884 | 884 |
| Property, plant and equipment | | 44,705 | 45,142 |
| Investment properties | | 28,800 | 28,800 |
| Deferred tax assets | | 2,688 | 2,688 |
| | | <u>77,077</u> | <u>77,514</u> |
| Current assets | | | |
| Inventories | | 60,280 | 60,659 |
| Trade receivables | | 48,466 | 71,672 |
| Other receivables, deposits and prepayments | | 11,302 | 12,291 |
| Tax recoverable | | 9 | 23 |
| Fixed deposit with licensed banks | | 112 | 110 |
| Cash and bank balances | 21 | 7,140 | 10,505 |
| | | <u>127,309</u> | <u>155,260</u> |
| TOTAL ASSETS | | <u>204,386</u> | <u>232,774</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Parent | | | |
| Share capital | | 62,449 | 62,449 |
| Treasury shares | | (255) | (255) |
| Foreign currency translation reserve | | 176 | 176 |
| Revaluation reserve | | 15,953 | 16,001 |
| Capital reserve | | (441) | (28) |
| Warrant reserve | | 7,740 | 7,740 |
| Retained profits | | 30,306 | 29,829 |
| | | <u>115,928</u> | <u>115,912</u> |
| Non-controlling interest | | 267 | 385 |
| Total equity | | <u>116,195</u> | <u>116,297</u> |
| Non-current liabilities | | | |
| Contract liabilities | | 59 | 56 |
| Bank borrowings | 23 | 919 | 975 |
| Deferred tax liabilities | | 3,900 | 3,900 |
| | | <u>4,878</u> | <u>4,931</u> |
| Current liabilities | | | |
| Contract liabilities | | 285 | 283 |
| Trade payables | | 36,600 | 64,092 |
| Other payables | | 14,380 | 14,801 |
| Bank borrowings | 23 | 30,239 | 30,515 |
| Tax Payable | | 1,809 | 1,855 |
| | | <u>83,313</u> | <u>111,546</u> |
| Total liabilities | | <u>88,191</u> | <u>116,477</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>204,386</u> | <u>232,774</u> |
| Net assets per share attributable to owners of the Parent (RM) | | 0.39 | 0.39 |

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
 (The figures have not been audited)

| | Attributable to Owners of the Parent | | | | | | Total | Non-controlling interests | Total Equity | |
|---|--------------------------------------|-----------------|-----------------|--------------------------------------|---------------|---------------------|-------------------|---------------------------|--------------|---------|
| | Non-Distributable | | | Distributable | | | | | | |
| | Share Capital | Treasury Shares | Warrant Reserve | Foreign Currency Translation Reserve | Other Reserve | Revaluation Reserve | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| (Audited) | | | | | | | | | | |
| <u>12 months period ended 31 March 2019</u> | | | | | | | | | | |
| At 1 April 2018, as previously reported | 62,449 | - | 7,740 | 177 | (28) | 13,180 | 30,012 | 113,530 | 408 | 113,938 |
| Effect of adopting MFRS 9 | - | - | - | - | - | - | (3,735) | (3,735) | - | (3,735) |
| At 1 April 2018, as restated | 62,449 | - | 7,740 | 177 | (28) | 13,180 | 26,277 | 109,795 | 408 | 110,203 |
| Profit for the financial year | - | - | - | - | - | - | 3,410 | 3,410 | (23) | 3,387 |
| Other comprehensive income for the financial year | - | - | - | (1) | - | 2,963 | - | 2,962 | - | 2,962 |
| Total comprehensive income for the financial year | - | - | - | (1) | - | 2,963 | 3,410 | 6,372 | (23) | 6,349 |
| Realisation of revaluation surplus | - | - | - | - | - | (142) | 142 | - | - | - |
| Transactions with owners: | | | | | | | | | | |
| Shares repurchased | - | (255) | - | - | - | - | - | (255) | - | (255) |
| At 31 March 2019 | 62,449 | (255) | 7,740 | 176 | (28) | 16,001 | 29,829 | 115,912 | 385 | 116,297 |

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
 (The figures have not been audited)

| | -----Attributable to Owners of the Parent----- | | | | | | | Total | Non-controlling interests | Total Equity |
|---|--|-----------------|-----------------|--------------------------------------|---------------|---------------------|-------------------|---------|---------------------------|--------------|
| | -----Non-Distributable----- | | | Distributable | | | | | | |
| | Share Capital | Treasury Shares | Warrant Reserve | Foreign Currency Translation Reserve | Other Reserve | Revaluation Reserve | Retained Earnings | RM'000 | RM'000 | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>3 months period ended 30 June 2018</u> | | | | | | | | | | |
| At 1 April 2018 | 62,449 | - | 7,740 | 177 | (28) | 13,180 | 30,012 | 113,530 | 408 | 113,938 |
| Profit for the period | - | - | - | - | - | - | 1,791 | 1,791 | (10) | 1,781 |
| Foreign currency translation reserve | - | - | - | (1) | - | - | - | (1) | - | (1) |
| Realisation of revaluation surplus | - | - | - | - | - | (36) | 36 | - | - | - |
| Total comprehensive income for the period | - | - | - | (1) | - | (36) | 1,827 | 1,790 | (10) | 1,780 |
| At 30 June 2018 | 62,449 | - | 7,740 | 176 | (28) | 13,144 | 31,839 | 115,320 | 398 | 115,718 |

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
 (The figures have not been audited)

| | Attributable to Owners of the Parent | | | | | | | Total | Non-controlling interests | Total Equity |
|--|--------------------------------------|-----------------|-----------------|--------------------------------------|---------------|---------------------|-------------------|---------|---------------------------|--------------|
| | Non-Distributable | | | Distributable | | | | | | |
| | Share Capital | Treasury Shares | Warrant Reserve | Foreign Currency Translation Reserve | Other Reserve | Revaluation Reserve | Retained Earnings | RM'000 | RM'000 | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>3 months period ended 30 June 2019</u> | | | | | | | | | | |
| At 1 April 2019 | 62,449 | (255) | 7,740 | 176 | (28) | 16,001 | 29,829 | 115,912 | 385 | 116,297 |
| Profit for the period | - | - | - | - | - | - | 429 | 429 | (5) | 424 |
| Foreign currency translation reserve | - | - | - | - | - | - | - | - | - | - |
| Realisation of revaluation surplus | - | - | - | - | - | (48) | 48 | - | - | - |
| Total comprehensive income for the financial year | - | - | - | - | - | (48) | 477 | 429 | (5) | 424 |
| Transactions with owners: | | | | | | | | | | |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | - | (113) | (113) |
| Premium paid on acquisition of non-controlling interests | - | - | - | - | (413) | - | - | (413) | - | (413) |
| Total transactions with owners | - | - | - | - | (413) | - | - | (413) | (113) | (526) |
| At 30 June 2019 | 62,449 | (255) | 7,740 | 176 | (441) | 15,953 | 30,306 | 115,928 | 267 | 116,195 |

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
 (The figures have not been audited)

| | Year to date 30.06.19 RM'000 | Year to date 30.06.18 RM'000 | (Audited) Year to date 31.03.2019 RM'000 |
|---|---------------------------------------|---------------------------------------|--|
| Cash Flows From Operating Activities | | | |
| Profit before taxation | 722 | 2,253 | 6,401 |
| Adjustments for : | | | |
| Bad debts written off | - | - | 9 |
| Depreciation of property, plant and equipment | 431 | 605 | 2,169 |
| Gain on disposal of property, plant and equipment | (41) | (8) | (158) |
| Impairment loss on trade receivables | 79 | - | 499 |
| Interest expense | 311 | 278 | 1,127 |
| Interest income | (22) | (24) | (78) |
| Property, plant and equipment written off | - | 4 | 4 |
| Reversal of impairment loss on trade receivables | - | (8) | (155) |
| Unrealised loss on foreign exchange | 343 | 142 | 268 |
| Operating profit before changes in working capital | <u>1,823</u> | <u>3,242</u> | <u>10,086</u> |
| Changes in working capital | | | |
| Changes in contract liabilities | 5 | - | 339 |
| Changes in inventories | 379 | 6,382 | (8,884) |
| Changes in receivables | 24,159 | (4,085) | (31,559) |
| Changes in payables | (28,301) | (7,468) | 27,461 |
| Interest received | - | 8 | 8 |
| Interest paid | (311) | (278) | (1,127) |
| Tax refund | 17 | - | 102 |
| Tax paid | (347) | (18) | (2,164) |
| Net cash flows used in operating activities | <u>(2,576)</u> | <u>(2,217)</u> | <u>(5,738)</u> |
| Cash Flows From Investing Activities | | | |
| Acquisition of non-controlling interests | (526) | - | - |
| Purchase of property, plant and equipment | (25) | (32) | (85) |
| Proceeds from disposals of property, plant and equipment | 72 | 8 | 162 |
| Interest received | 22 | 16 | 70 |
| Net cash flows (used in)/from investing activities | <u>(460)</u> | <u>(8)</u> | <u>147</u> |
| Cash Flows From Financing Activities | | | |
| Increase in fixed deposit pledged | (3) | - | (3) |
| Repayment of finance lease payables | (72) | (178) | (471) |
| Net changes in banker's acceptances | (254) | (469) | 8,272 |
| Repayment of term loans | (6) | (6) | (23) |
| Purchase of treasury shares | - | - | (255) |
| Net cash flows (used in)/from financing activities | <u>(335)</u> | <u>(653)</u> | <u>7,520</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(3,368)</u> | <u>(2,878)</u> | <u>1,929</u> |
| Effects of changes in exchange rates | 3 | 2 | 3 |
| Cash and cash equivalents at beginning of the period | <u>10,505</u> | <u>8,573</u> | <u>8,573</u> |
| Cash and cash equivalents at end of the period | <u><u>7,140</u></u> | <u><u>5,697</u></u> | <u><u>10,505</u></u> |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)

| | Year to date 30.06.19 RM'000 | Year to date 30.06.18 RM'000 | (Audited) Year to date 31.03.2019 RM'000 |
|--|---------------------------------------|---------------------------------------|--|
| Cash and cash equivalents at end of the financial year comprises: | | | |
| Fixed deposit with licensed banks | 112 | 107 | 110 |
| Cash and bank balances | 7,140 | 5,697 | 10,505 |
| | <u>7,252</u> | <u>5,804</u> | <u>10,615</u> |
| Less: Fixed deposit pledged with licensed banks | (112) | (107) | (110) |
| | <u><u>7,140</u></u> | <u><u>5,697</u></u> | <u><u>10,505</u></u> |

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) No. 134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to this interim financial report.

2. Changes in Accounting Policies

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the year financial ended 31 March 2019, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2019:-

| | |
|----------------------|--|
| MFRS 16 | Leases |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysian Accounting Standards Board as they have yet to be effective for the Group:-

| MFRSs and IC Interpretations (Including The Consequential Amendments) | | Effective dates for financial periods beginning on or after |
|--|--|--|
| MFRS 3 | Definition of a Business (Amendments to MFRS 3) | 1 January 2020 |
| MFRS 10 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) | Deferred |
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| MFRS 101 | Definition of Material (Amendments to MFRS 101) | 1 January 2020 |
| MFRS 108 | Definition of Material (Amendments to MFRS 108) | 1 January 2020 |
| MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) | Deferred |

The adoption of these new MFRSs, amendments and IC Interpretations did not have any material impact on the interim financial report of the Group, except for:

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 noncancellable 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.

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2019 was not subject to any qualification.

4. Seasonality or Cyclicity

The Group's performance was not significantly affected by any seasonal or cyclical factors during the current financial quarter under review.

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in the estimates used in reporting the current financial quarter under review as compared to the audited financial statements of the Group for the financial year ended 31 March 2019.

7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter under review.

The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the financial quarter and period to date, none of the treasury shares were distributed as share dividend to the shareholders.

As at 30 June 2019, the number of treasury shares held was 700,000 ordinary shares.

8. Dividend

No dividend was declared or paid during the current financial quarter under review.

9. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

10. Valuation of Investment Properties

The Group has not carried out any valuation on its investment properties in the current financial quarter under review.

11. Changes in the Composition of the Group

BKG Development Sdn. Bhd. (Company No. 1070270-M) ("BKG"), a wholly-owned subsidiary of the Company had on 10 December 2018 entered into a Share Sale Agreement ("SSA") with Dato' Cheah Suan Lee and Mr. Goh Chin Aun (hereinafter collectively referred to as "the Vendors") for the proposed acquisition of the remaining 50% equity interest in BKHS Capital Sdn. Bhd. (Company No. 966615-K) ("BKHS") from the Vendors for a total cash consideration of Ringgit Malaysia Five Hundred Twenty Five Thousand Eight Hundred Seventy and Cents Twenty Six (RM525,870.26) only ("Purchase Consideration for the Sale Shares"), upon the terms and conditions as stipulated in the SSA ("Proposed Acquisition").

Upon the completion of the Proposed Acquisition, BKHS shall become a wholly-owned subsidiary of BKG, which in turn a wholly-owned subsidiary of the Company.

The Proposed Acquisition was completed on 3 May 2019.

12. Contingencies

Corporate guarantee extended by the Company to banks and financial institutions for credit facilities granted to subsidiaries as at the date of this interim financial report were as follows :-

| | As At 30.06.19 RM'000 | As At 31.03.19 RM'000 |
|----------------------|-----------------------------|-----------------------------|
| - Limit of guarantee | <u>58,961</u> | <u>90,121</u> |
| - Amount utilised | <u>31,006</u> | <u>30,955</u> |

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

13. Capital Commitments

There were no outstanding capital commitments as at the date of this interim financial report.

14. Profit Forecast Variance

Not applicable.

15. Corporate Proposals

There were no corporate proposals that were announced but yet to be completed as at the date of this interim report, except for:

A) Multiple Proposals

The Company had on 24 May 2019 announced that the Company is proposing to undertake the followings:-

(i) Proposed Subscription of Redeemable Preference Shares

The proposed subscription of RM35,000,000 new redeemable preference shares ("RPS") in Midas Prosperity Sdn Bhd ("Midas Prosperity") via a conditional subscription agreement between Midas Prosperity and BKG Development Sdn Bhd ("BKG"), a wholly-owned subsidiary of CHGP ("Proposed Subscription").

(ii) Proposed Joint Development

The proposed joint development via a conditional joint venture agreement between Midas Prosperity and BKG for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar ("Development Project") ("Proposed Joint Development").

(iii) Proposed Special Issue of Shares

The proposed special issue of shares of up to 84,885,000 new ordinary shares in CHGP to independent third party investor(s) to be identified at an issue price to be determined at a later date ("Proposed Special Issue").

The listing application for the Proposed Special Issue and draft circular in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 June 2019.

Bursa Securities had on 4 July 2019 approved the listing of and quotation of up to 84,885,000 new shares to be issued pursuant to the Proposed Special Issue subject to the following conditions:

- (a) CHGP and M&A Securities must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Special Issue;
- (b) CHGP and M&A Securities to inform Bursa Securities upon the completion of the Proposed Special Issue;
- (c) M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Special Issue is completed; and
- (d) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders.

An application for extension of time to issue the circular and independent advice letter in relation to the Proposals have been submitted to Bursa Securities on 17 July 2019.

Bursa Securities had on 18 July 2019 approved the extension of time of up to 31 July 2019, to issue the circular and independent advice letter in relation to the Proposals.

The shareholders had on 28 August 2019 approved all the above Multiple Proposals.

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

16. Related Party Transactions

There were no related party transactions during the current financial quarter under review except as follows :-

| | Quarter ended 30.06.19 RM'000 | Year to date 30.06.19 RM'000 | Quarter ended 30.06.18 RM'000 | Year to date 30.06.18 RM'000 |
|--|--|---------------------------------------|--|---------------------------------------|
| Rental expense paid to other related party* | (17) | (17) | (11) | (11) |
| Rental income received from other related party* | 5 | 5 | 4 | 4 |
| Sales to other related party* | 6,118 | 6,118 | 14,649 | 14,649 |
| Purchases from other related party* | (1,480) | (1,480) | (12,341) | (12,341) |
| Road tax and insurance paid to other related party* | (70) | (70) | (27) | (27) |
| Purchases from a company connected to directors of the Company | (159) | (159) | (202) | (202) |
| Rental expense paid to a person connected to a director of the Company | (4) | (4) | (4) | (4) |

* Being corporations in which certain directors of the Company have financial interest.

17. Detailed Analysis of Performance

Segmental information is presented in respect of the Group's business segments.

The Group comprises of the following main business segments :

| | | |
|-----|--------------------------------------|--|
| (a) | Commercial vehicles and bodyworks | Manufacturing and trading of rebuilt and new commercial vehicles, bodyworks and their related services |
| (b) | Property development | Property development activities |
| (c) | Rental and fleet management services | Rental of commercial vehicles and forklift, provision of fleet management and other related services |
| (d) | Other Segment | Investment holding and the provision of management services |

| | Quarter ended 30.06.19 RM'000 | Quarter ended 31.03.19 RM'000 | Quarter ended 30.06.18 RM'000 | Year to date 30.06.19 RM'000 | Year to date 30.06.18 RM'000 |
|----------------|--|--|--|---------------------------------------|---------------------------------------|
| Revenue | | | | | |
| (a) | Commercial vehicles and bodyworks | 23,208 | 20,152 | 28,051 | 23,208 |
| (b) | Property development | 6,118 | 18,429 | 14,529 | 6,118 |
| (c) | Rental and fleet management services | 1,145 | 982 | 1,108 | 1,145 |
| (d) | Other Segment | 176 | 176 | 182 | 176 |
| | | <u>30,647</u> | <u>39,739</u> | <u>43,870</u> | <u>30,647</u> |
| | Less : Elimination | <u>(173)</u> | <u>(171)</u> | <u>(171)</u> | <u>(171)</u> |
| | Total | <u>30,474</u> | <u>39,568</u> | <u>43,699</u> | <u>30,474</u> |

Profit before taxation

| | | | | | |
|-----|--------------------------------------|------------|--------------|--------------|------------|
| (a) | Commercial vehicles and bodyworks | 272 | 372 | 907 | 272 |
| (b) | Property development | 556 | 2,263 | 1,945 | 556 |
| (c) | Rental and fleet management services | 109 | 168 | (280) | 109 |
| (d) | Other Segment | (215) | (198) | (319) | (215) |
| | | <u>722</u> | <u>2,605</u> | <u>2,253</u> | <u>722</u> |
| | Less : Elimination | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>722</u> | <u>2,605</u> | <u>2,253</u> | <u>722</u> |
| | Share of results of associates | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total | <u>722</u> | <u>2,605</u> | <u>2,253</u> | <u>722</u> |

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM23.21 million, a decrease of 17.26% compared to RM28.05 million in the previous year's corresponding quarter. The lower revenue was mainly due to lower demand for rebuilt commercial vehicles in the current quarter. Profit before taxation in the current quarter was RM0.27 million, a decrease of RM0.64 million compared to profit before taxation of RM0.91 million in the previous year's corresponding quarter. The lower profit before taxation was mainly due to lower gross profit margin, higher unrealised loss on foreign exchange and higher administrative expenses incurred in the current quarter.

(b) For property development segment, revenue for the current quarter was RM6.12 million, a decrease RM8.41 million compared to RM14.53 million in the previous year's corresponding quarter. The revenue was recognised from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of the project was 34.60% as at 30 June 2019 (as at 30 June 2018: 17.82%). Profit before taxation was RM0.56 million, a decrease of RM1.39 million compared to RM1.95 million in the previous year's corresponding quarter. The lower profit before taxation was mainly attributable to lower revenue being recognised and higher administrative expenses incurred in the current quarter.

(c) For rental and fleet management services segment, revenue for the current quarter was RM1.15 million, an increase of RM0.04 million compared to RM1.11 million in the previous year's corresponding quarter. The higher revenue was mainly due to sales of forklift in the current quarter. Profit before taxation in the current quarter was RM0.11 million, an increase of RM0.39 million compared to the loss before taxation of RM0.28 million in the previous year's corresponding quarter. The higher profit before taxation was attributable to higher gross profit margin and higher gain on disposal of forklift in the current quarter. In the previous year's corresponding quarter, the loss before taxation was due to higher cost incurred for repairing forklifts to enhance the conditions of the forklift units for existing customers.

(d) Other Segment's revenue for the current quarter was RM0.18 million was consistent with the previous year's corresponding quarter. Loss before taxation in the current quarter was RM0.22 million, a decrease of RM0.10 million as compared to loss before taxation of RM0.32 million in the previous year's corresponding quarter. The lower loss before taxation was mainly attributable to lower administrative expenses incurred in the current quarter.

Comparison with preceding quarter

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM23.21 million, an increase of 15.16% compared to RM20.15 million in the preceding quarter. Higher revenue was recorded due to higher demand for rebuilt commercial vehicles in the current quarter. Profit before taxation in the current quarter was RM0.27 million, a decrease of RM0.10 million compared to profit before taxation of RM0.37 million in the preceding quarter. The lower profit before taxation in the current quarter was mainly attributable to higher unrealised loss on foreign exchange by RM0.55 million which was partly mitigated by lower impairment loss on trade receivables by RM0.41 million as compared to preceding quarter.

(b) For property development segment, revenue for the current quarter was RM6.12 million, a decrease of RM12.31 million compared to RM18.43 million in the preceding quarter. The revenue was recognised from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of the project was 34.60% as at 30 June 2019 (as at 31 March 2019: 31.43%). Profit before taxation in the current quarter was RM0.56 million, a decrease of RM1.70 million compared to profit before taxation of RM2.26 million in the preceding quarter. The lower profit before taxation was attributable to lower revenue being recognised which was partly offset by lower administrative expenses incurred in the current quarter.

(c) For rental and fleet management services segment, revenue for the current quarter was RM1.15 million, an increase of RM0.17 million compared to RM0.98 million in the preceding quarter. Profit before taxation in the current quarter was RM0.11 million, a decrease of RM0.06 million as compared to profit before taxation of RM0.17 million in the preceding quarter. The lower profit before taxation was mainly attributable to higher direct labour costs and higher administrative expenses incurred in the current quarter.

(d) Other Segment's revenue for the current quarter of RM0.18 million was consistent with preceding quarter. Loss before taxation in the current quarter was RM0.22 million, a increase of RM0.02 million as compared loss before taxation of RM0.20 million in the preceding quarter. The higher loss before taxation was mainly due to higher administrative expenses incurred in the current quarter.

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

18. Profit before taxation

This was arrived at :

| | Quarter ended 30.06.19 RM'000 | Year to date 30.06.19 RM'000 | Quarter ended 30.06.18 RM'000 | Year to date 30.06.18 RM'000 |
|---|--|---------------------------------------|--|---------------------------------------|
| After charging : | | | | |
| Depreciation | 431 | 431 | 605 | 605 |
| Impairment loss on trade receivables | 79 | 79 | - | - |
| Interest expenses | 311 | 311 | 278 | 278 |
| Property, plant and equipment written off | - | - | 4 | 4 |
| Rental of hostel | 8 | 8 | 11 | 11 |
| Rental of premises | 65 | 65 | 42 | 42 |
| Rental of vehicles | 16 | 16 | 19 | 19 |
| Unrealised loss on foreign exchange | 343 | 343 | 142 | 142 |
| And crediting : | | | | |
| Interest income | 22 | 22 | 24 | 24 |
| Gain on disposal of property, plant and equipment | 41 | 41 | 8 | 8 |
| Realised gain on foreign exchange | 230 | 230 | 248 | 248 |
| Rental income | 5 | 5 | 30 | 30 |
| Reversal of impairment loss on receivables | - | - | 8 | 8 |

19. Taxation

| | Quarter ended 30.06.19 RM'000 | Year to date 30.06.19 RM'000 | Quarter ended 30.06.18 RM'000 | Year to date 30.06.18 RM'000 |
|--|--|---------------------------------------|--|---------------------------------------|
| Malaysian taxation based on profit for the period: | | | | |
| -Current tax | (297) | (297) | (471) | (471) |
| -Deferred tax | (1) | (1) | (1) | (1) |
| (Under)/Over provision in prior years: | | | | |
| -Current tax | - | - | - | - |
| -Deferred tax | - | - | - | - |
| | <u>(298)</u> | <u>(298)</u> | <u>(472)</u> | <u>(472)</u> |

20. Commentary of Prospects

Though the market for rebuilt commercial vehicles remains challenging, the Group has set up another sales office in the central region to further widen its market and strengthen its turnover and profitability in this sector.

With the country's mega infrastructure projects gaining momentum, the Group hoped to garner some contracts from the main contractors to gain a stronger foothold in projects development, construction and engineering.

The new proposed joint developments project of "8th & Stellar", couple with its current mixed residential and commercial development in Bandar Petaling Jaya Selatan, should augurs well for the current year's prospect.

The Group is always on the lookout for new joint ventures and viable land for commercial and mixed development.

Barring unforeseen circumstances, the Board is optimistic of the current year performance.

21. Cash and Bank Balances

| | As At 30.06.19 RM'000 | As At 31.03.19 RM'000 |
|---|-----------------------------|-----------------------------|
| Cash and bank balances | 4,220 | 2,890 |
| Short-term funds with licensed financial institutions | 2,920 | 7,615 |
| | <u>7,140</u> | <u>10,505</u> |

Notes to the Interim Financial Statements for the first quarter ended 30 June 2019

22. Material Litigation

There were no material litigation during the current financial quarter under review.

23. Group Borrowings and Debt Securities

Group borrowings as at 30 June 2019 were as below:-

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--------------------------------|-------------------|---------------------|-----------------|
| <u>Current liabilities</u> | | | |
| Bankers acceptances | 29,955 | - | 29,955 |
| Finance lease liabilities | 259 | - | 259 |
| Term loan | 25 | - | 25 |
| Sub-total | <u>30,239</u> | <u>-</u> | <u>30,239</u> |
| <u>Non-current liabilities</u> | | | |
| Finance lease liabilities | 122 | - | 122 |
| Term loans | 797 | - | 797 |
| Sub-total | <u>919</u> | <u>-</u> | <u>919</u> |
| Total | <u>31,158</u> | <u>-</u> | <u>31,158</u> |

24. Basis of Calculation of Basic and Diluted Earnings Per Share Attributable to Owners of the Parent

Basic Earnings Per Share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue as follows:

| | Quarter ended 30.06.19 | Year to date 30.06.19 | Quarter ended 30.06.18 | Year to date 30.06.18 |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Profit for the period attributable to the owners of the Parent (RM'000) | <u>429</u> | <u>429</u> | <u>1,791</u> | <u>1,791</u> |
| Weighted average number of ordinary shares in issue ('000 units) | 297,111 | 297,111 | 297,111 | 297,111 |
| Effect of treasury shares held ('000 units) | <u>(700)</u> | <u>(700)</u> | - | - |
| | <u>296,411</u> | <u>296,411</u> | <u>297,111</u> | <u>297,111</u> |
| Basic Earnings Per Share (sen) | <u>0.14</u> | <u>0.14</u> | <u>0.60</u> | <u>0.60</u> |

Diluted Earnings Per Share

The diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of warrants as follows:

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Profit for the period attributable to the owners of the Parent (RM'000) | <u>429</u> | <u>429</u> | <u>1,791</u> | <u>1,791</u> |
| Weighted average number of ordinary shares in issue ('000 units) | 296,411 | 296,411 | 297,111 | 297,111 |
| Adjustment for dilutive effect of warrants ('000 units) | 12,206 | 12,206 | 18,740 | 18,740 |
| Weighted average number of shares assumed to be in issue ('000 units) | <u>308,617</u> | <u>308,617</u> | <u>315,851</u> | <u>315,851</u> |
| Diluted Earnings Per Share (sen) | <u>0.14</u> | <u>0.14</u> | <u>0.57</u> | <u>0.57</u> |