

Unaudited Financial Statements and Related Announcement for the First Quarter Ended 31 March 2021

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group		Change %
	1Q2021 RM'000	1Q2020 RM'000	
Revenue	15,581	11,373	37%
Cost of sales	(8,524)	(5,366)	59%
Gross profit	7,057	6,007	17%
Interest income	2	3	-33%
Other gains	130	52	150%
Marketing and distribution costs	(641)	(236)	172%
Administrative expenses	(4,273)	(4,165)	3%
Other losses	(31)	-	N.M.
Finance costs	(1,416)	(1,491)	-5%
Share of profit from equity-accounted associate	27	108	-75%
Profit before tax	855	278	208%
Income tax expenses	(457)	(28)	1532%
Profit, net of tax	398	250	59%
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax	(46)	53	N.M.
Other comprehensive (loss) income for the period, net of tax	(46)	53	N.M.
Total comprehensive income for the period	352	303	16%
Profit attributable to owners of the parent, net of tax	614	326	88%
Loss attributable to non-controlling interests, net of tax	(216)	(76)	184%
Profit, net of tax	398	250	59%
Total comprehensive income attributable to owners of the parent	569	375	52%
Total comprehensive loss attributable to non-controlling interests	(217)	(72)	201%
Total comprehensive income for the period	352	303	16%

N.M. – Not meaningful

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1(a)(ii) Notes to statement of comprehensive income

Profit before tax is stated after (charging) / crediting:

	Group		
	1Q2021 RM'000	1Q2020 RM'000	Change %
Interest income	2	3	-33.3%
Interest expense	(1,416)	(1,491)	-5.0%
Depreciation of property, plant and equipment	(613)	(653)	-6.1%
Reversal of bad debts written off on trade and other receivables, net	7	-	N.M.
Loss on disposal of property, plant and equipment	-	1	N.M.
Foreign exchange (loss) gain, net	(31)	3	-1133.3%

N.M. - Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	As at	As at	As at	As at
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	10,140	10,541	3	4
Development rights	11,276	11,276	-	-
Investment in subsidiaries	-	-	26,732	26,732
Investment in associate	3,708	3,681	-	-
Investment properties	22,250	21,399	-	-
Deferred tax assets	903	1,015	-	-
Other assets	360	360	-	-
Total non-current assets	48,637	48,272	26,735	26,736
<u>Current assets</u>				
Inventories	130,959	135,353	-	-
Trade and other receivables	100,363	91,432	4,355	4,337
Other assets	20,840	20,573	94	84
Cash and cash equivalents	4,088	4,802	299	343
Total current assets	256,250	252,160	4,748	4,764
Total assets	304,887	300,432	31,483	31,500
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	144,552	144,552	381,051	381,051
Accumulated losses	(142,563)	(143,177)	(434,119)	(433,996)
Share option reserve	2,708	2,708	2,708	2,708
Foreign currency translation reserve	2,781	2,826	70,268	70,268
Merger reserve	1,563	1,563	-	-
Other reserve	1,495	1,495	-	-
Equity, attributable to owners of the parent	10,536	9,967	19,908	20,031
Non-controlling interests	(2,369)	(2,152)	-	-
Total equity	8,167	7,815	19,908	20,031
<u>Non-current liabilities</u>				
Deferred tax liabilities	9	9	-	-
Other payables	7,978	8,178	-	-
Other financial liabilities	36,735	37,034	-	-
Total non-current liabilities	44,722	45,221	-	-
<u>Current liabilities</u>				
Income tax payable	19,452	19,764	-	-
Trade and other payables	213,046	207,748	6,218	6,142
Other liabilities	2,336	2,315	-	-
Other financial liabilities	17,164	17,569	5,357	5,327
Total current liabilities	251,998	247,396	11,575	11,469
Total liabilities	296,720	292,617	11,575	11,469
Total equity and liabilities	304,887	300,432	31,483	31,500

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Borrowings and Debt Securities	Group	
	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
- secured	17,164	17,569
	17,164	17,569
Amount repayable after one year		
- secured	36,735	37,034
	36,735	37,034

Details of any collateral:

The banking facilities of the Group comprised of bank overdrafts, term loans, finance leases and trade lines.

The bank overdrafts are covered by:-

1. Joint and several guarantees of certain directors of the Company;
2. Joint and several guarantee by directors of certain subsidiaries of the Group;
3. Assignment over the rights, title and interest to the properties held for sale;
4. Corporate guarantees provided by certain subsidiaries of the Group;
5. Legal charge or deed of assignment and power of attorney over certain subsidiaries' properties held for sale;
6. Legal charge over the completed property of associate; and
7. Pledged of cash and cash equivalents in a subsidiary.

The banker acceptance are covered by:

1. Joint and several guarantees of certain directors of the Company;
2. Corporate guarantees provided by certain subsidiaries of the Group;
3. Legal charge or deed of assignment and power of attorney over the associate's properties held for sale; and
4. Legal charge over the subsidiary's properties held for sale.

The term loans are covered by the following:

1. Joint and several guarantee by certain directors of the Company;
2. Joint and several guarantee by directors of certain subsidiaries of the Group;
3. Corporate guarantees provided by certain subsidiaries of the Group;
4. Assignment over the rights, titles and interest or legal charges and/or power of attorney over properties held for sale and leasehold property;
5. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS); and
6. Pledged of cash and cash equivalents of a subsidiary.

The preference shares are covered by the following:-

1. Deed of assignment of development properties units;
2. Personal guarantees provided by certain directors of the Company;
3. Deed of assignment of properties units by associate and related parties of the Group; and
4. Corporate guarantees provided by certain subsidiary of the Group.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	1Q2021	1Q2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	855	278
Adjustments for:		
Depreciation of property, plant and equipment	613	653
Interest expense	1,416	1,491
Interest income	(2)	(3)
Accrued tax penalties	-	34
Gain on disposal of property, plant and equipment	-	(1)
Share of profit from equity-accounted associate	(27)	(108)
Operating cash flows before changes in working capital	2,855	2,344
Inventories	4,394	79
Trade and other receivables	(8,923)	5,578
Other assets	(267)	1
Trade and other payables	3,763	(3,569)
Other liabilities	20	(1,386)
Net cash flows from operations before tax	1,842	3,047
Income tax paid	(666)	(348)
Net cash flows from operating activities	1,176	2,699
Cash flows from investing activities		
Purchase of property, plant and equipment	(195)	(35)
Proceeds from disposal of property, plant and equipment	-	1
Interest received	2	3
Net cash flows used in investing activities	(193)	(31)
Cash flows from financing activities		
Repayment of borrowings and lease liabilities	(791)	(1,387)
Cash restricted in use	32	(2)
Proceeds from substantial shareholder - net	-	102
(Repayment to) Proceeds from related parties - net	(250)	884
(Repayment to) Proceeds from associate - net	(6)	546
Proceeds from (Repayment to) directors of subsidiaries - net	588	(160)
Proceeds from directors who are controlling shareholders of the Company - net	66	131
Interest paid	(1,373)	(327)
Net cash flows used in financing activities	(1,734)	(213)
Net (decrease) increase in cash and cash equivalents	(751)	2,455
Cash and cash equivalents, statement of cash flows, beginning balance	1,647	3,892
Effect of exchange rate of changes on cash and cash equivalents	5	1
Cash and cash equivalents, statement of cash flows, ending balance	901	6,348
Cash and cash equivalents comprised of :		
Cash and cash equivalents, statement of financial position	4,088	9,492
Bank overdrafts	(1,583)	(1,507)
Restricted in use	(1,604)	(1,637)
	901	6,348

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity									
	Total equity	Attributable to owners of the parent subtotal	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve	Merger reserve	Other reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Current period:									
Opening balance at 1 January 2021	7,815	9,967	144,552	(143,177)	2,708	2,826	1,563	1,495	(2,152)
<u>Changes in equity:</u>									
Total comprehensive income (loss) for the period	352	569	-	614	-	(45)	-	-	(217)
Closing balance at 31 March 2021	8,167	10,536	144,552	(142,563)	2,708	2,781	1,563	1,495	(2,369)
Previous period:									
Opening balance at 1 January 2020	19,201	21,398	144,552	(131,942)	2,933	2,797	1,563	1,495	(2,197)
<u>Changes in equity:</u>									
Total comprehensive income (loss) for the period	303	375	-	326	-	49	-	-	(72)
Closing balance at 31 March 2020	19,504	21,773	144,552	(131,616)	2,933	2,846	1,563	1,495	(2,269)

	Total equity	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Current period:					
Opening balance at 1 January 2021	20,031	381,051	(433,996)	2,708	70,268
<u>Changes in equity:</u>					
Total comprehensive loss for the period	(123)	-	(123)	-	-
Closing balance at 31 March 2021	19,908	381,051	(434,119)	2,708	70,268
Previous period:					
Opening balance at 1 January 2020	22,230	381,051	(432,022)	2,933	70,268
<u>Changes in equity:</u>					
Total comprehensive loss for the period	(582)	-	(582)	-	-
Closing balance at 31 March 2020	21,648	381,051	(432,604)	2,933	70,268

Note : The Foreign Exchange Reserve and Merger Reserve are not available for distribution as cash dividends.

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital since the end of the previous period reported on.

As at 31 March 2021 and 31 March 2020, the Company did not hold any treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.03.2021	As at 31.12.2020
Total number of issued shares excluding treasury shares	<u>224,917,251</u>	<u>224,917,251</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 31 December 2019, except as explained in item 5 below.

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- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted several new accounting standards and interpretations and amendments to standards that are effective for periods beginning on or after 1 January 2020.

There is no significant impact to the financial statements of the Group.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

- (a) Based on the weighted average number of ordinary shares on issue;

Earnings Per Share	Group	
	1Q2021	1Q2020
Profit attributable to owners of the parent during the financial period (RM'000)	614	326
Weighted average number of ordinary shares on issue	224,917,251	224,917,251
Basic earnings per share for profit attributable to owners of the parent during the financial period (sen)	0.27	0.14

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial years presented.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

- (a) current financial period reported on; and
(b) immediately preceding financial year.

Net Asset Value	Group		Company	
	As at 31.03.2021	As at 31.12.2020	As at 31.03.2021	As at 31.12.2020
Net asset value (RM'000)	10,536	9,967	19,908	20,031
Number of issued shares excluding treasury shares	224,917,251	224,917,251	224,917,251	224,917,251
Net asset value per ordinary share (sens)	4.68	4.43	8.85	8.91

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Revenue has increased by RM4.2 million or 37% from RM11.4 million in 1Q2020 to RM15.6 million in 1Q2021. This was mainly attributed by the increase in sale of development properties by RM2.7 million, increase in revenue from construction contracts by RM2.1 million, and decrease in sale of construction materials by RM1.0 million.

The gross profit margin of the Group decreased from 52.8% in 1Q2020 to 45.3% in 1Q2021 was mainly due to more project costs that directly charged to profit or loss and overhead costs in 1Q2021 as compared to 1Q2020.

Marketing and distribution costs slightly increased by RM0.4 million was mainly resulted by the increase in amortisation of contract costs in 1Q2021.

Increase in income tax expense was mainly arising from higher taxable profits of certain subsidiaries in 1Q2021.

Statements of Financial Position

Group

Non-current assets of the Group slightly increased by RM0.3 million from RM48.3 million as at FY2020 to RM48.6 million as at 1Q2021. This was contributed by the increase in investment properties under construction by RM0.9 million. Such increase was partially offset by the decrease in property, plant and equipment by RM0.4 million mainly arising from depreciation for the period.

Current assets of the Group increased by RM4.1 million from RM252.2 million as at FY2020 to RM256.3 million as at FY2020 was mainly due to increase in trade and other receivables by RM8.9 million for construction contracts and development properties. On the other hand, there was decrease in inventories by RM4.4 million contributed by the sale of development properties.

Non-current liabilities of the Group decreased by RM0.5 million from RM45.2 million as at FY2020 to RM44.7 million as at 1Q2021 was due to the decrease in other financial liabilities and other payables.

Current liabilities of the Group increased by RM4.6 million from RM247.4 million as at FY2020 to RM252.0 million as at 1Q2021. The increase was mostly due to increase in trade and other payables by RM5.3 million for projects and operating expenses. Such increase was partially offset by the decrease in other financial liabilities by RM0.4 million and income tax payable by RM0.3 million.

Overall, the Group's net asset stood at RM8.2 million as at 1Q2021 as compared to RM7.8 million as at FY2020.

Statement of Cash Flows

Net cash and cash equivalents held by the Group decreased from RM1.6 million as at FY2020 to RM0.9 million as at 1Q2021. The decrease was mainly due to repayment of borrowings and interests for financing activities.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement have been previously disclosed.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The spike in the pandemic cases in the first quarter of 2021 for Malaysia resulted in the imposition of a fresh round of directives from the Malaysian Government of the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO), which continued way towards the end of Quarter 1 of the year. This unfortunately, created adverse consequences on economic activities and hence, the industry is hampered.

The property market is hit with shortage of materials and labour force while there is considerable inflation pressure on building materials. Recovery of our business activities and sustainability remain the Group's key focus.

- 11 Dividend

- (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Nil

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year?

Nil

- (c) Date Payable

Not applicable.

- (d) Books Closure Date

Not applicable.

- 12 If no dividend has been declared/recommended, a statement to that effect.

After considering the Group's condition, no dividend has been declared.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

- 14 Negative confirmation pursuant to Rule 705(5).

The board of directors of the Company confirmed to the best of its knowledge that nothing has come to its attention which may render the first quarter results ended 31 March 2021 to be false or misleading in any material aspect.

15 Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

16 Applicable to companies that have received modified audit opinions (excludes material uncertainty relating to going concern if it is the only reason for the modified opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue; and

The Company has proposed to appoint Moore Stephens LLP as the new auditors of the Company in respect of the FY2020 and is in progress of consultation with SGX RegCo on appointment of new auditors. The Audit Committee and the Board believe that the appointment of new auditors will enable the Company to benefit from fresh perspectives and views of another professional audit firm and thereby enhance the value of the audit. Furthermore, the FY2020 financial results, which are not audited, will impact on the opening figures of 2021 financial results as well as for financial results comparative purposes.

The Audit Committee of the Company has, in consultation with SGX RegCo, appointed Deloitte & Touche Financial Advisory Services Pte Ltd as the special auditor of the Company on 28 July 2021 to conduct an independent review into the Disposal of Upright Strategy Sdn Bhd as well as all transactions involving the Company and Twin Revenue Sdn Bhd as highlighted in FY2019 audit report. The special audit was commenced towards end of 2021. However, the process was affected by the unexpected positive cases and staff disruptions due to COVID-19 pandemic.

The Group will endeavour its ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate as well as to produce the quarterly unaudited results for 2021 and resolve the outstanding audit issues.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirmed that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

27 January 2022