

TO BE RELEASED TO BURSA



HUA YANG GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FIRST QUARTER ENDED 30 JUNE 2021

Interim Financial Statements for the financial period ended 30 June 2021

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	%	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	%
	30/06/2021 RM' 000	30/06/2020 RM' 000	+ / (-)	30/06/2021 RM' 000	30/06/2020 RM' 000	+ / (-)
Revenue	33,111	16,610	99.3	33,111	16,610	99.3
Cost of Sales	(26,017)	(15,557)		(26,017)	(15,557)	
Gross Profit	7,094	1,053	573.7	7,094	1,053	573.7
Other Income	280	365		280	365	
Selling and Marketing Expenses	(3,105)	(1,027)		(3,105)	(1,027)	
Administrative and General Expenses	(4,182)	(5,971)		(4,182)	(5,971)	
Net Gain on Impairment of Financial Instruments	6,549	6,100		6,549	6,100	
Operating Profit	6,636	520	1,176.2	6,636	520	1,176.2
Finance Costs	(2,724)	(3,050)		(2,724)	(3,050)	
Share of Results of an Associate	(2,482)	(2,168)		(2,482)	(2,168)	
Profit / (Loss) Before Tax	1,430	(4,698)	130.4	1,430	(4,698)	130.4
Tax Expense	(550)	(172)		(550)	(172)	
Profit / (Loss) For The Period	880	(4,870)	118.1	880	(4,870)	118.1
Profit / (Loss) attributable to:						
Owners of the Company	889	(4,859)	118.3	889	(4,859)	118.3
Non-controlling Interests	(9)	(11)		(9)	(11)	
	880	(4,870)		880	(4,870)	
Earnings Per Share Attributable to Owners of the Company (sen)						
Basic, for profit for the period	0.25	(1.38)	118.3	0.25	(1.38)	118.3

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2021

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	%	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	%
	30/06/2021 RM' 000	30/06/2020 RM' 000	+ / (-)	30/06/2021 RM' 000	30/06/2020 RM' 000	+ / (-)
Profit / (Loss) For The Period	880	(4,870)	118.1	880	(4,870)	118.1
Other Comprehensive Income For The Period, Net Of Tax	1,078	(3,932)	127.4	1,078	(3,932)	127.4
Total Comprehensive Income For The Period, Net Of Tax	1,958	(8,802)		1,958	(8,802)	
Total Comprehensive Income Attributable To :						
Owners of the Company	1,967	(8,791)	122.4	1,967	(8,791)	122.4
Non-controlling Interests	(9)	(11)		(9)	(11)	
	1,958	(8,802)		1,958	(8,802)	

Note: Included in the Total Comprehensive Income for the period are the followings:

Interest Income	71	139		71	139	
Other Income Including Investment Income	208	226		208	226	
Interest Expense	2,724	3,050		2,724	3,050	
Depreciation & Amortization	819	888		819	888	
Provision For/Write Off of Receivables	-	-		-	-	
Provision For/Write Off of Inventories	N/A	N/A		N/A	N/A	
Gain/Loss on Disposal of Quoted and Unquoted Investment or Properties	N/A	N/A		N/A	N/A	
Gain/Loss on Impairment of Assets	6,549	6,100		6,549	6,100	
Gain/Loss on Foreign Exchange	1,078	(3,932)		1,078	(3,932)	
Gain/Loss on Derivatives	N/A	N/A		N/A	N/A	

N/A: Not Applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30/06/2021 RM' 000	(AUDITED) As at 31/03/2021 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	11,816	12,407
Right-of-use assets	1,181	1,211
Concession assets	6,556	6,656
Inventories - Land held for property development	585,065	587,448
Investment properties	1,596	1,611
Investment in associate	65,850	60,705
Other receivables	5,357	5,351
Fixed deposit with licenced bank	8,103	8,100
Intangible assets	9,596	9,596
Deferred tax assets	19,810	19,030
	<u>714,930</u>	<u>712,115</u>
Current assets		
Inventories - Completed properties	55,135	67,939
Inventories - Property development costs	57,999	49,280
Inventories - Others	21	21
Contract assets	26,529	37,549
Contract costs	10,872	9,292
Trade and other receivables	27,349	34,419
Other current assets	1,301	1,249
Cash and bank balances	32,883	60,871
	<u>212,089</u>	<u>260,620</u>
TOTAL ASSETS	<u>927,019</u>	<u>972,735</u>
EQUITY AND LIABILITIES		
Current liabilities		
Contract liabilities	1,499	3,517
Trade and other payables	118,614	136,092
Short term borrowings	51,891	68,362
Lease liabilities	740	690
Taxation	3,886	6,799
	<u>176,630</u>	<u>215,460</u>
Net current assets	<u>35,459</u>	<u>45,160</u>
Non-current liabilities		
Trade and other payables	35,665	35,726
Deferred tax liabilities	35,429	34,850
Long term borrowings	214,612	223,897
Lease liabilities	304	381
	<u>286,010</u>	<u>294,854</u>
TOTAL LIABILITIES	<u>462,640</u>	<u>510,314</u>
Net assets	<u>464,379</u>	<u>462,421</u>
Total equity attributable to owners of the Company		
Share capital	352,000	352,000
Reserves	89,973	88,006
	<u>441,973</u>	<u>440,006</u>
Non-controlling interests	22,406	22,415
TOTAL EQUITY	<u>464,379</u>	<u>462,421</u>
TOTAL EQUITY AND LIABILITIES	<u>927,019</u>	<u>972,735</u>
Net Assets Attributable to Owners of the Company	441,973	440,006
Net Assets Per Share Attributable to Owners of the Company (RM)	1.26	1.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2021

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital	Foreign Currency Exchange Reserve	Retained Earnings	Sub-Total	Non-controlling Interests	Total Equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<u>3 months ended 30 June 2020</u>						
At 1 April 2020	352,000	(7,956)	144,352	488,396	22,497	510,893
Loss for the period	-	-	(4,859)	(4,859)	(11)	(4,870)
Share of losses of equity-accounted associate	-	(3,932)	-	(3,932)	-	(3,932)
Total comprehensive income for the period	-	(3,932)	(4,859)	(8,791)	(11)	(8,802)
At 30 June 2020	352,000	(11,888)	139,493	479,605	22,486	502,091
<u>3 months ended 30 June 2021</u>						
At 1 April 2021	352,000	(3,959)	91,965	440,006	22,415	462,421
Profit for the period	-	-	889	889	(9)	880
Share of profit of equity-accounted associate	-	1,078	-	1,078	-	1,078
Total comprehensive income for the period	-	1,078	889	1,967	(9)	1,958
At 30 June 2021	352,000	(2,881)	92,854	441,973	22,406	464,379

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2021 and the explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2021

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/06/2021 RM' 000	3 months ended 30/06/2020 RM' 000
OPERATING ACTIVITIES		
Profit / (Loss) before tax	1,430	(4,698)
Adjustments for :		
Non-cash items	(3,245)	(3,045)
Non-operating items	2,653	2,947
Operating profit / (loss) before changes in working capital	838	(4,796)
<i>Changes in working capital:</i>		
- Contract assets	11,020	(2,002)
- Contract cost	(1,581)	445
- Contract liabilities	(2,018)	(2,730)
- Inventories	7,529	8,141
- Trade and other receivables and other current assets	7,013	16,792
- Trade and other payables and other current liabilities	(17,538)	2,014
Cash generated from operations	5,263	17,864
Interest paid	(2,724)	(3,086)
Interest received	71	139
Net tax (paid) / refund	(3,635)	(776)
Net cash from operating activities	(1,025)	14,141
INVESTING ACTIVITY		
Purchase of property, plant and equipment and intangible assets	(86)	(2)
Net cash used in investing activity	(86)	(2)
FINANCING ACTIVITIES		
Change in pledged deposits	(3)	(10)
Interest paid	(1,089)	(1,849)
Drawdown of loans and borrowings	573	-
Repayment of loans and borrowings	(21,741)	(10,053)
Payment of lease liabilities	(28)	(147)
Net cash used in financing activities	(22,288)	(12,059)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(23,399)	2,080
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,153	7,227
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,754	9,307
Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	32,883	26,792
Bank overdrafts	(18,129)	(17,485)
	14,754	9,307

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2021 and the accompanying notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The interim financial report is unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2021.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2021 save for the adoption of the following new and amended MFRSs and interpretations that are mandatory for the Group for the financial year commencing 1 April 2021:

Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has yet to adopt the following new and amended MFRSs and interpretations that have been issued but not yet effective:

	Effective for financial periods beginning on or after
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be confirmed

These new and amended standards are not expected to have any material impact on the financial statements of the Group upon their initial application.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2021 was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

6 Debt and Equity Securities

Status of Sukuk Murabahah Programme announced and completed:

On 29 April 2014, Public Investment Bank Berhad had, on behalf of the Board announced that the Company has obtained approval from the Securities Commission Malaysia on 28 April 2014 with regards to the proposed Sukuk Murabahah Programme of up to RM250.0 million in nominal value.

Proceed raised from the Sukuk Murabahah Programme issuance shall be utilised to part finance the acquisition cost of the Shariah compliant development land(s) and/or such other Shariah compliant property(ies).

The cumulative drawdown of the facility at the end of the reporting period are as follows:

Date of drawdown	Amount drawdown (RM' 000)	Repayment (RM' 000)	Amount outstanding (RM' 000)
31 March 2016	18,450	7,908	10,542
26 April 2016	21,250	21,250	-
28 September 2017	13,000	1,858	11,142
Total	52,700	31,016	21,684

Save for the above, there were no other issuance and repayment of debts and equity, repurchases, share cancellation or new issuance during the quarter under review and financial year-to-date.

7 Dividends Paid

No dividend has been paid during the quarter under review.

8 Segment Information

	Property Development		Other Operation		Adjustments and Eliminations		Per Consolidated Financial Statements	
	30/06/2021 RM' 000	30/06/2020 RM' 000	30/06/2021 RM' 000	30/06/2020 RM' 000	30/06/2021 RM' 000	30/06/2020 RM' 000	30/06/2021 RM' 000	30/06/2020 RM' 000
Revenue:								
External customers	31,637	16,179	1,474	431	-	-	33,111	16,610
Inter-segment	1,471	-	-	24	(1,471)	(24)	-	-
	33,108	16,179	1,474	455	(1,471)	(24)	33,111	16,610
Results:								
Interest income	71	139	-	-	-	-	71	139
Depreciation and amortisation	(721)	(699)	(97)	(188)	(1)	(1)	(819)	(888)
Share of results of an Associate	(2,482)	(2,168)	-	-	-	-	(2,482)	(2,168)
Interest expenses	(2,641)	(3,050)	-	-	(83)	-	(2,724)	(3,050)
Segment (loss)/profit	1,045	(4,545)	385	(153)	-	-	1,430	(4,698)
Assets:								
Additions to non-current assets	8,115	2,297	170	-	-	-	8,285	2,297
Segment assets	1,512,663	1,667,260	17,880	17,687	(603,524)	(647,264)	927,019	1,037,683
Segment liabilities	937,399	1,163,250	18,520	17,761	(493,279)	(645,419)	462,640	535,592

9 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without any amendments from the previous annual audited financial statements for the year ended 31 March 2021.

10 Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the statement of financial position date up to 19 August 2021, being the latest practicable date from the date of issuance of this Interim Financial Report.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 March 2021.

13 Capital Commitments

There were no outstanding capital commitments for the Group as at 30 June 2021.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

14 Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2021 RM' 000	Preceding Year Corresponding Quarter 30/06/2020 RM' 000	Current Year to Date 30/06/2021 RM' 000	Preceding Year Corresponding Year to Date 30/06/2020 RM' 000
Malaysian income tax	(723)	(630)	(723)	(630)
Deferred tax	173	458	173	458
	<u>(550)</u>	<u>(172)</u>	<u>(550)</u>	<u>(172)</u>
(Under)/Over provision of Malaysian income tax in prior years	-	-	-	-
	<u>(550)</u>	<u>(172)</u>	<u>(550)</u>	<u>(172)</u>

The effective tax rate of the Group after adjusting the gain on impairment of financial instruments and share of losses in an associate company was higher than the statutory tax rate mainly due to losses in certain subsidiaries which are not available for set off against taxable profit in other subsidiaries within the Group.

15 Corporate Proposals

As of 19 August 2021, the Company has not announced any corporate proposal.

16 Borrowings - Secured

	As at 30/06/2021 RM' 000	As at 31/03/2021 RM' 000
Short Term Bank Borrowings	51,891	68,362
Long Term Bank Borrowings	214,612	223,897
	<u>266,503</u>	<u>292,259</u>

17 Changes in Material Litigation

On 6 April 2021, Hua Yang Berhad received a Writ of Summons and Statement of Claim (“Claim”) served by the solicitors for Apple Rainbow Sdn Bhd and three other parties (the “Plaintiffs”). The Plaintiffs are seeking for the following reliefs:

- (i) Special damages amounting to RM11,042,725.52;
- (ii) General damages to be quantified by the Court;
- (iii) Interest of 5% per year on the said sum of RM11,042,724.52 to be calculated from the date of filing of the Claim until the date of full settlement;
- (iv) Cost; and
- (v) Exemplary damages to be assessed by the Court.

The Company has submitted its Defence on 4 May 2021 and the next case management has been fixed on 2 September 2021.

Other than the above, there were no material litigation since the date of the last annual statement of financial position to the date of this report.

18 Dividends Payable

No dividend has been declared for the quarter under review.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

19 Earnings Per Share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the company by the weighted average number of ordinary shares in issue during the period.

		3 months ended 30/06/2021	3 months ended 30/06/2020
(a) Basic earnings per share			
Profit / (Loss) for the period	(RM' 000)	<u>889</u>	<u>(4,859)</u>
Weighted average number of ordinary shares	('000)	<u>352,000</u>	<u>352,000</u>
Basic earnings per share	(sen)	0.25	(1.38)
(b) Diluted earnings per share			
	(sen)	N/A	N/A

20 Review of Group Performance

For the quarter under review, the Group achieved revenue of RM33.11 million, representing an increase of RM16.50 million (+99%) as compared to the preceding year's corresponding quarter.

The Group recorded profit before tax of RM1.43 million for the quarter under review as compared to loss before tax of RM4.70 million for the preceding year's corresponding quarter.

Total unbilled sales at the end of the quarter under review stood at RM136.97 million.

The Group has undeveloped landbank of 424 acres across key regions with an estimated GDV of RM5.3 billion.

The performance of the respective operating business segments is analysed as follows:

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/06/2021 RM' 000	Preceding Year Corresponding Quarter 30/06/2020 RM' 000	% + / (-)	Current Year to Date 30/06/2021 RM' 000	Preceding Year Corresponding Year to Date 30/06/2020 RM' 000	% + / (-)
Revenue						
Property Development	31,637	16,155	95.8	31,637	16,155	95.8
Other Operations	1,474	455	224.0	1,474	455	224.0
	<u>33,111</u>	<u>16,610</u>	99.3	<u>33,111</u>	<u>16,610</u>	99.3
Profit / (Loss) before tax						
Property Development	1,045	(4,545)	123.0	1,045	(4,545)	123.0
Other Operations	385	(153)	351.4	385	(153)	351.4
	<u>1,430</u>	<u>(4,698)</u>	130.4	<u>1,430</u>	<u>(4,698)</u>	130.4

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

20 Review of Group Performance (contd.)

(a) Property development:

For the quarter under review, revenue and profit before tax increased by 96% and 123% respectively as compared to the previous financial year corresponding quarter.

The increase in revenue and profit before tax was attributed to higher sales achieved in Bandar Universiti Seri Iskandar and Astetica Residence.

(b) Other operations:

Revenue and profit from other operations consist mainly of rental income derived from the operation of commercial properties under the "build, operate and transfer" concession with local authorities, operation of franchised food and beverage and laundry outlet and trading of building materials.

21 Material Changes in the Quarterly Results compared to the Results of the Immediate Preceding Quarter

For the quarter under review, the Group achieved profit before tax of RM1.43 million as compared to loss of RM51.37 million in the immediate preceding quarter ended 31 March 2021. The improved results was due to share of lower losses of results of associate.

	Quarter Ended		%
	30/06/2021	31/03/2021	
	RM' 000	RM' 000	+ / (-)
Revenue	33,111	76,922	(57.0)
Cost of Sales	(26,017)	(72,211)	
Gross Profit	7,094	4,711	50.6
Other Income	280	1,463	
Selling and Marketing Expenses	(3,105)	(5,558)	
Administrative and General Expenses	(4,182)	(17,302)	
Net Gain on Impairment of Financial Instruments	6,549	10,285	
Operating Profit / (Loss)	6,636	(6,401)	203.7
Finance Costs	(2,724)	(2,633)	
Share of Results of Associate	(2,482)	(42,339)	
Profit / (Loss) Before Tax	1,430	(51,373)	102.8
Income Tax Expense	(550)	(3,505)	
Profit / (Loss) After Tax	880	(54,878)	101.6

22 Current Year Prospects

The Malaysian government had reinstated Full Movement Control Order on June 2021. This is expected to further delay the recovery of the property market, already weak and sluggish since the start of the Covid-19 pandemic.

The Group continues to remain vigilant and prudent in the conduct of its business and continues to drive sales for our projects through existing and digital platforms.

The Management is continually strengthening the team and preparing necessary groundwork necessary in readiness for the full resumption of its business activities and operations.

23 Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee

Not applicable.

24 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 19 August 2021.