

TO BE RELEASED TO BURSA



HUA YANG GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

THIRD QUARTER ENDED 31 DECEMBER 2019

Interim Financial Statements for the financial period ended 31 December 2019
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	% + / (-)
	31/12/2019 RM' 000	31/12/2018 RM' 000		31/12/2019 RM' 000	31/12/2018 RM' 000	
Revenue	72,525	68,424	6.0	222,697	199,511	11.6
Cost of Sales	(53,791)	(49,562)		(163,147)	(146,296)	
Gross Profit	18,734	18,862	<i>(0.7)</i>	59,550	53,215	<i>11.9</i>
Other Income	615	456		1,054	1,560	
Selling and Marketing Expenses	(4,809)	(2,627)		(9,883)	(8,241)	
Administrative and General Expenses	(6,817)	(7,066)		(21,290)	(23,990)	
Operating Profit	7,723	9,625	<i>(19.8)</i>	29,431	22,544	<i>30.5</i>
Finance Costs	(3,556)	(3,399)		(10,957)	(11,335)	
Share of Results of an Associate	(2,083)	1,637		(6,462)	3,748	
Profit Before Tax	2,084	7,863	<i>(73.5)</i>	12,012	14,957	<i>(19.7)</i>
Tax Expense	(587)	(2,195)		(5,865)	(6,377)	
Profit For The Period	1,497	5,668	<i>(73.6)</i>	6,147	8,580	<i>(28.4)</i>
Profit attributable to:						
Owners of the Company	1,529	5,772	<i>(73.5)</i>	6,222	8,684	<i>(28.4)</i>
Non-controlling Interests	(32)	(104)		(75)	(104)	
	1,497	5,668		6,147	8,580	
Earnings Per Share Attributable to Owners of the Company (sen)						
Basic, for profit for the period	0.43	1.64	<i>(73.5)</i>	1.77	2.47	<i>(28.4)</i>

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

Interim Financial Statements for the financial period ended 31 December 2019
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	%
	31/12/2019 RM' 000	31/12/2018 RM' 000	+ / (-)	31/12/2019 RM' 000	31/12/2018 RM' 000	+ / (-)
Profit For The Period	1,497	5,668	(73.6)	6,147	8,580	(28.4)
Other Comprehensive Income / (Loss) For The Period, Net Of Tax	(1,363)	(1,546)	11.8	(1,729)	(3,141)	45.0
Total Comprehensive Income For The Period, Net Of Tax	134	4,122		4,418	5,439	
Total Comprehensive Income Attributable To :						
Owners of the Company	166	4,226	(96.1)	4,493	5,543	(18.9)
Non-controlling Interests	(32)	(104)		(75)	(104)	
	134	4,122		4,418	5,439	

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

Interest Income	84	309		256	451	
Other Income Including Investment Income	531	147		798	1,109	
Interest Expense	3,556	3,399		10,957	11,335	
Depreciation & Amortization	752	680		2,194	2,032	
Provision For/Write Off of Receivables	(9)	3		3	(421)	
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	
Impairment of Assets	N/A	N/A		N/A	N/A	
Gain/Loss on Foreign Exchange	(1,363)	(1,546)		(1,729)	(3,141)	
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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 31/12/2019 RM' 000	(AUDITED) As at 31/3/2019 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	15,256	15,100
Concession assets	7,476	7,345
Inventories - Land held for property development	488,247	478,627
Investment properties	1,664	1,696
Investment in associate	152,317	160,508
Other receivables	7,566	8,389
Fixed deposit with licenced bank	3,326	3,276
Intangible assets	9,596	9,596
Deferred tax assets	16,001	14,956
	<u>701,449</u>	<u>699,492</u>
Current assets		
Inventories - Completed properties	29,485	58,012
Inventories - Property development costs	258,851	280,418
Inventories - Others	22	11
Contract assets	88,254	70,118
Contract cost	16,189	24,247
Trade and other receivables	42,594	43,145
Other current assets	114	548
Tax recoverable	-	3,544
Cash and bank balances	16,528	16,589
	<u>452,037</u>	<u>496,631</u>
TOTAL ASSETS	<u>1,153,486</u>	<u>1,196,123</u>
EQUITY AND LIABILITIES		
Current liabilities		
Contract liabilities	11,460	26,149
Trade and other payables	163,633	137,614
Short term borrowings	137,755	92,460
Taxation	3,324	-
	<u>316,172</u>	<u>256,223</u>
Net current assets	<u>135,865</u>	<u>240,408</u>
Non-current liabilities		
Trade and other payables	6,638	6,541
Deferred tax liabilities	36,682	37,593
Long term borrowings	204,434	310,623
	<u>247,754</u>	<u>354,757</u>
TOTAL LIABILITIES	<u>563,926</u>	<u>610,980</u>
Net assets	<u>589,561</u>	<u>585,143</u>
Total equity attributable to owners of the Company		
Share capital	352,000	352,000
Reserves	215,058	210,565
	<u>567,058</u>	<u>562,565</u>
Non-controlling interests	22,503	22,578
TOTAL EQUITY	<u>589,561</u>	<u>585,143</u>
TOTAL EQUITY AND LIABILITIES	<u>1,153,486</u>	<u>1,196,123</u>
Net Assets Attributable to Owners of the Company	567,058	562,565
Net Assets Per Share Attributable to Owners of the Company (RM)	1.61	1.60

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

Interim Financial Statements for the financial period ended 31 December 2019

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>9 months ended 31 December 2018</u>						
At 1 April 2018	352,000	(2,581)	241,546	590,965	-	590,965
Profit for the period	-	-	8,684	8,684	(104)	8,580
Share of losses of equity-accounted associate	-	(3,141)	-	(3,141)	-	(3,141)
Total comprehensive income for the period	-	(3,141)	8,684	5,543	(104)	5,439
Changes in ownership interest in a subsidiary	-	-	-	-	20,812	20,812
At 31 December 2018	352,000	(5,722)	250,230	596,508	20,708	617,216
<u>9 months ended 31 December 2019</u>						
At 1 April 2019	352,000	(6,933)	217,498	562,565	22,578	585,143
Profit for the period	-	-	6,222	6,222	(75)	6,147
Share of losses of equity-accounted associate	-	(1,729)	-	(1,729)	-	(1,729)
Total comprehensive income for the period	-	(1,729)	6,222	4,493	(75)	4,418
At 31 December 2019	352,000	(8,662)	223,720	567,058	22,503	589,561

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

Interim Financial Statements for the financial period ended 31 December 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31/12/2019 RM' 000	9 months ended 31/12/2018 RM' 000
OPERATING ACTIVITIES		
Profit before tax	12,012	14,957
Adjustments for :		
Non-cash items	8,669	(2,138)
Non-operating items	10,700	10,885
Operating profit before changes in working capital	31,382	23,704
<i>Net change in current assets</i>		
Receivables	1,811	8,212
Contract assets	(32,825)	-
Contract cost	8,058	-
Inventories - completed properties	28,515	30,422
Inventories - property development costs	32,126	23,994
<i>Net change in current liabilities</i>		
Payables	26,117	5,723
Cash generated from operations	95,184	92,055
Tax paid	(5,576)	(4,779)
Tax refund	3,971	-
Interest received	256	451
Net cash from operating activities	93,835	87,727
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(2,509)	(351)
Net cash outflow on acquisition of a subsidiary	-	(69,386)
Proceeds from disposal of property, plant and equipment	43	-
Proceeds from disposal of shares in subsidiary	-	21,000
Additions to inventories - land held for future development	(12,782)	(17,916)
Net cash used in investing activities	(15,248)	(66,653)
FINANCING ACTIVITIES		
Proceeds from borrowings	39,774	250,122
Repayment of borrowings	(108,876)	(248,052)
Change in pledged deposits	(50)	(45)
Interest paid	(17,703)	(11,335)
Net cash (used in) / from financing activities	(86,855)	(9,310)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,268)	11,764
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	607	478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(7,661)	12,242
Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	16,528	30,296
Bank overdrafts	(24,189)	(18,054)
	(7,661)	12,242

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 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 has 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 2019. 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 2019.

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 2019 save for the adoption of the following new and amended MFRSs and Issues Committee ("IC") Interpretations that are mandatory for the Group for the financial year commencing 1 April 2019:

Annual Improvements to MFRSs 2015-2017 Cycle	
MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

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

		Effective for financial periods beginning on or after
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
Amendments to MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 2019 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.

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	2,636	15,814
26 April 2016	21,250	21,250	-
28 September 2017	13,000	-	13,000
Total	52,700	23,886	28,814

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.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

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	
	31/12/2019 RM' 000	31/12/2018 RM' 000	31/12/2019 RM' 000	31/12/2018 RM' 000	31/12/2019 RM' 000	31/12/2018 RM' 000	31/12/2019 RM' 000	31/12/2018 RM' 000
Revenue:								
External customers	220,331	198,720	2,365	791	-	-	222,697	199,511
Inter-segment	4,958	5,701	48	-	(5,007)	(5,701)	-	-
	225,289	204,421	2,414	791	(5,007)	(5,701)	222,697	199,511
Results:								
Interest income	11,046	10,067	124	-	(10,913)	(9,616)	256	451
Depreciation and amortisation	(1,669)	(1,554)	(523)	(475)	(3)	(3)	(2,194)	(2,032)
Other non-cash income / (expenses)	(16)	-	3	421	-	-	(13)	421
Share of results of an Associate	(6,462)	3,748	-	-	-	-	(6,462)	3,748
Interest expenses	(21,713)	(22,062)	(288)	(262)	11,044	10,989	(10,957)	(11,335)
Segment profit / (loss)	13,106	15,335	(1,094)	(378)	-	-	12,012	14,957
Assets:								
Additions to non-current assets	20,199	34,344	1,188	234	-	-	21,387	34,578
Segment assets	1,747,757	1,821,122	17,717	10,338	(611,988)	(578,484)	1,153,486	1,252,976
Segment liabilities	1,158,467	1,159,776	16,725	13,318	(611,267)	(537,200)	563,926	635,894

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 2019.

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 22 January 2020, being the latest practicable date from the date of issuance of this Interim Financial Report.

11 Changes in the Composition of the Group

The Company had on 9 August 2019 acquired 1 ordinary share in Celestial Solar Farm Sdn Bhd ("CSFSB"), being the entire paid up share capital of CSFSB for a total consideration of RM1. The principal activities of CSFSB are provision of engineering, procurements, constructions, commissioning and consultancy services for solar PV systems.

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 2019.

13 Capital Commitments

There were no outstanding capital commitments for the Group as at 31 December 2019.

**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 31/12/2019 RM' 000	Preceding Year Corresponding Quarter 31/12/2018 RM' 000	Current Year to Date 31/12/2019 RM' 000	Preceding Year Corresponding Year to Date 31/12/2018 RM' 000
Malaysian income tax	(3,742)	(5,035)	(8,756)	(8,880)
Deferred tax	2,871	3,126	2,607	2,789
	<u>(871)</u>	<u>(1,909)</u>	<u>(6,149)</u>	<u>(6,091)</u>
Over/(Under) provision of Malaysian income tax in prior years	284	(286)	284	(286)
	<u>(587)</u>	<u>(2,195)</u>	<u>(5,865)</u>	<u>(6,377)</u>

The effective tax rate of the Group 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 and share of losses in an associate company.

15 Corporate Proposals

As of 22 January 2020, the Company has not announced any corporate proposal.

16 Borrowings - Secured

	As at 31/12/2019 RM' 000	As at 31/3/2019 RM' 000
Short Term Bank Borrowings	137,755	92,460
Long Term Bank Borrowings	204,434	310,623
	<u>342,189</u>	<u>403,083</u>

17 Changes in Material Litigation

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.

		9 months ended 31/12/2019	9 months ended 31/12/2018
(a) Basic earnings per share			
Profit for the period	(RM' 000)	<u>6,222</u>	<u>8,684</u>
Weighted average number of ordinary shares	('000)	<u>352,000</u>	<u>352,000</u>
Basic earnings per share	(sen)	1.77	2.47
(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 RM72.53 million, representing an increase of RM4.10 million (6%) as compared to the preceding year's corresponding quarter.

Profit before tax for the quarter under review of RM2.08 million was RM5.78 million (74%) lower than the preceding year corresponding quarter.

Total unbilled sales at the end of the quarter under review stood at RM186.13 million. The Group has undeveloped landbank of 451 acres across key regions with an estimated GDV of RM5.2 billion.

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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/12/2019 RM' 000	Preceding Year Corresponding Quarter 31/12/2018 RM' 000	% + / (-)	Current Year to Date 31/12/2019 RM' 000	Preceding Year Corresponding Year to Date 31/12/2018 RM' 000	% + / (-)
Revenue						
Property Development	71,462	68,170	4.8	220,283	198,720	10.9
Other Operations	1,063	254	318.4	2,414	791	205.2
	<u>72,525</u>	<u>68,424</u>	6.0	<u>222,697</u>	<u>199,511</u>	11.6
Profit before tax						
Property Development	2,518	8,195	(69.3)	13,106	15,335	(14.5)
Other Operations	(434)	(332)	(30.7)	(1,094)	(378)	(189.4)
	<u>2,084</u>	<u>7,863</u>	(73.5)	<u>12,012</u>	<u>14,957</u>	(19.7)

**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 increased by 5% while profit before tax decreased by 69% as compared to the previous financial year corresponding quarter.

The improved revenue was mainly contributed by steady construction progress from Meritus Residence, Penang and Astetica Residence, Seri Kembangan. The decrease in profit before tax was due to higher selling and marketing expenses incurred and higher share of losses of associate as compared to share of profit in the previous year's corresponding quarter.

(b) Other operations:

Revenue and profit from other operations mainly consist 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 RM2.08 million as compared to RM2.94 million in the immediate preceding quarter ended 30 September 2019. The decrease was mainly due to higher sales and marketing expenses.

	Quarter Ended		%
	31/12/2019	30/9/2019	
	RM' 000	RM' 000	+ / (-)
Revenue	72,525	67,995	6.7
Cost of Sales	(53,791)	(48,205)	
Gross Profit	18,734	19,790	(5.3)
Other Income	615	226	
Selling and Marketing Expenses	(4,809)	(2,445)	
Administrative and General Expenses	(6,817)	(7,618)	
Operating Profit	7,723	9,953	(22.4)
Finance Costs	(3,556)	(3,624)	
Share of Results of Associate	(2,083)	(3,394)	
Profit Before Tax	2,084	2,935	(29.0)
Income Tax Expense	(587)	(1,959)	
Profit After Tax	1,497	976	53.4

22 Current Year Prospects

The property sector continue to be sluggish amid weak consumer demand. Taking into account the prevailing public sentiments, the Board and Management have adopted a cautious approach in respect for the launching of new projects. The Company will instead continue to focus on driving sales for on-going and completed projects and managing cost to achieve better results for the remaining period of financial year ending 31 March 2020.

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 22 January 2020.