

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

PART A – NOTES TO THE INTERIM FINANCIAL REPORT

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2019, except for the adoption of the following MFRS:

| Descriptions | Effective for annual periods commencing on or after |
|--|--|
| Revised Conceptual Framework | 1 January 2020 |
| Amendments to MFRS 3 Business Combinations - Definition of a Business | 1 January 2020 |
| Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform | 1 January 2020 |
| Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material | 1 January 2020 |

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

a) Revised Conceptual Framework (cont'd)

The main effects of the adoption of the aforementioned standards and amendments to standards are summarised as below:

The following Standards have been amended to update the references and quotations in these Standards according to the revised Conceptual Framework:

| Amendments to: | |
|------------------------------|---|
| MFRS 2 | Share-Based Payment |
| MFRS 3 | Business Combinations |
| MFRS 6 | Exploration for and Evaluation of Mineral Resources |
| MFRS 14 | Regulatory Deferral Accounts |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 134 | Interim Financial Reporting |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| IC Interpretation 132 | Intangible Assets - Web Site Costs |

b) Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 3 Business Combination clarify the definition of a business to assist the entity to determine whether a transaction should be accounted for as a business combination or as an asset acquisition where an acquirer does not recognise goodwill in an asset acquisition.

c) Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

The amendments clarify the disclosure which an entity needs to make for hedging relationships to which it applies the exception as set out in paragraph 6.8.4 – 6.8.12 of MFRS 9 or paragraphs 102D – 102N of MFRS 139.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

d) Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the definition of 'material' and to align the definition used in the revised Conceptual Framework and the standards themselves. The definition of 'material' is refined by including 'obscuring information' to respond to concerns that the effect of including immaterial information should not reduce the understandability of a financial statements.

The adoption of these amendments do not have any material financial impact to the Group.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the FYE 31 December 2019 was not subject to any qualification.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia. This is followed by the enforcement of Recovery MCO from 10 June 2020 until 31 August 2020 and subsequently extended till 31 December 2020. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arises.

A4. SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected by any significant seasonal or cyclical factors.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

A6. SHARE CAPITAL AND SHARE PREMIUM

For the quarter ended 30 September 2020, the Group undertook new private placements of 26,499,771 new ordinary shares at an issuing price of RM0.25 per share as disclosed in Note A19. The issued and paid-up share capital of the Company stood at RM74,694,869 as at 30 September 2020.

A7. DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the quarter ended 30 September 2020 save for the following:

Details of treasury shares held

| | Number of Treasury Shares |
|--|--|
| Balance as at 30 June 2020 | 17,606,300 |
| Repurchased during the quarter ended 30 September 2020 | - |
| Distributed as dividend | (16,274,491) |
| Balance as at 30 September 2020 | <u>1,331,809</u> |

A8. DIVIDEND PAID

During the quarter, a total of 16,274,491 number of treasury shares was allotted to the shareholders as dividend share.

The Board recommended a final share dividend for the financial year ended 31 December 2019 via a share dividend distribution of treasury shares on the basis of one (1) treasury share for every thirty (30) existing ordinary shares held. The final share dividend was approved at the Annual General Meeting which was held on 7 July 2020.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A9. OPERATING REVENUE

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE QUARTER ENDED

| | Malaysia | | | Others [#] | | | Total | | |
|---------------------------------|---------------------|---------------------|--------------|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Major segments: | | | | | | | | | |
| Continuing Operations: | | | | | | | | | |
| EDCCS* | - | - | - | - | - | - | - | - | - |
| Property development | 20,132 | 18,234 | 10.4 | - | - | - | 20,132 | 18,234 | 10.4 |
| | 20,132 | 18,234 | 10.4 | - | - | - | 20,132 | 18,234 | 10.4 |
| Discontinued Operations: | | | | | | | | | |
| EDCCS* | - | - | - | 11,319 | 12,000 | (5.7) | 11,319 | 12,000 | (5.7) |
| Property development | - | - | - | - | - | - | - | - | - |
| | - | - | - | 11,319 | 12,000 | (5.7) | 11,319 | 12,000 | (5.7) |
| Total revenue | 20,132 | 18,234 | 10.4 | 11,319 | 12,000 | (5.7) | 31,451 | 30,234 | 4.0 |

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE PERIOD ENDED

| | Malaysia | | | Others [#] | | | Total | | |
|---------------------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Major segments: | | | | | | | | | |
| Continuing Operations: | | | | | | | | | |
| EDCCS* | - | - | - | - | 3 | (100.0) | - | 3 | (100.0) |
| Property development | 41,392 | 49,713 | (16.7) | - | - | - | 41,392 | 49,713 | (16.7) |
| | 41,392 | 49,713 | (16.7) | - | 3 | (100.0) | 41,392 | 49,716 | (16.7) |
| Discontinued Operations: | | | | | | | | | |
| EDCCS* | - | - | - | 35,069 | 48,304 | (27.4) | 35,069 | 48,304 | (27.4) |
| Property development | - | - | - | - | - | - | - | - | - |
| | - | - | - | 35,069 | 48,304 | (27.4) | 35,069 | 48,304 | (27.4) |
| Total revenue | 41,392 | 49,713 | (16.7) | 35,069 | 48,307 | (27.4) | 76,461 | 98,020 | (22.0) |

*Enterprise Data Collection and Collation System ("EDCCS")

[#]Based on an exchange rate of HKD100 : RM54.826, being the average of closing rates quoted by the Bank Negara Malaysia ("BNM") at the end of each month.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A10. OTHER INCOME

| | Quarter Ended | | | Period Ended | | |
|--|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Interest income | 0 | 19 | (98) | 17 | 105 | (83.6) |
| Gain on disposal of investment held at fair value through profit or loss | - | - | - | 367 | - | - |
| Net gain on disposal of an associate | - | - | - | - | 997 | (100) |
| Reversal of allowance for expected credit losses on trade receivables | - | - | - | - | 1 | (100) |
| Loss on disposal of property plant and equipment | (78) | 0 | < (1000) | (78) | 0 | - |
| Rental income | 35 | 35 | 1 | 93 | 104 | (11) |
| Miscellaneous income | 5 | (20) | 123 | 90 | 7 | 1,182 |
| Total other income | (38) | 33 | (214) | 489 | 1,214 | (60) |

A11. OTHER SEGMENTAL INFORMATION

OPERATING SEGMENT BY PRODUCT FOR THE QUARTER ENDED

| | EDCCS | | | Property Development | | | Total | | |
|--|---------------------|---------------------|--------------|----------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Continuing Operations: | | | | | | | | | |
| Revenue (note A9) | - | (0) | (100.0) | 20,132 | 18,234 | 10.4 | 20,132 | 18,234 | 10.4 |
| Other income (note A10) | (41) | 26 | (258.4) | 3 | 7 | (62.0) | (38) | 33 | (214.4) |
| Direct costs | (1,278) | (826) | 54.6 | (16,025) | (16,807) | (4.7) | (17,302) | (17,633) | (1.9) |
| Segmental (loss)/profit before | (1,318) | (801) | 64.7 | 4,110 | 1,435 | 186.4 | 2,792 | 634 | 340.0 |
| Finance cost | (11) | (13) | (18.8) | (0) | - | - | (11) | (13) | (15.2) |
| Depreciation and amortisation | (43) | (31) | 39.0 | (0) | (0) | 136.7 | (43) | (31) | 39.2 |
| Income tax expenses | - | (3) | (100.0) | (977) | (316) | 209.6 | (977) | (318) | 206.9 |
| Segmental net (loss)/profit | (1,372) | (848) | 61.9 | 3,132 | 1,119 | 179.8 | 1,760 | 272 | 547.6 |
| Discontinued Operations: | | | | | | | | | |
| - (Loss) from discontinued operations | (529) | (536) | (1.2) | - | - | - | (529) | (536) | (1.2) |
| Total segmental net (loss)/profit | (1,902) | (1,383) | 37.5 | 3,132 | 1,119 | 179.8 | 1,231 | (264) | 566.4 |

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A11. OTHER SEGMENTAL INFORMATION (CONT'D)

OPERATING SEGMENT BY PRODUCT FOR PERIOD ENDED

| | EDCCS | | | Property Development | | | Total | | |
|--|---------------------|---------------------|----------------|----------------------|---------------------|--------------|---------------------|---------------------|---------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Continuing Operations: | | | | | | | | | |
| Revenue (note A9) | - | 3 | (100.0) | 41,392 | 49,713 | (16.7) | 41,392 | 49,716 | (16.7) |
| Other income (note A10) | 386 | 1,181 | (67.4) | 103 | 33 | 216.3 | 489 | 1,214 | (59.7) |
| Direct cost | (3,728) | (1,948) | 91.4 | (33,991) | (43,818) | (22.4) | (37,719) | (45,766) | (17.6) |
| Segmental profit/(loss) before | (3,342) | (763) | 337.9 | 7,504 | 5,928 | 26.6 | 4,162 | 5,165 | (19.4) |
| Finance cost | (26) | (36) | (25.9) | (0) | (72) | (99.3) | (27) | (107) | (75.0) |
| Depreciation and amortisation | (140) | (101) | 38.3 | (1) | (0) | - | (140) | (101) | 38.8 |
| Share of results of associates | - | 50 | (100.0) | - | - | - | - | 50 | (100.0) |
| Income tax expenses | - | (3) | (100.0) | (1,727) | (1,307) | 32.1 | (1,727) | (1,309) | 31.9 |
| Segmental net (loss)/profit | (3,508) | (852) | 311.6 | 5,776 | 4,549 | 27.0 | 2,268 | 3,697 | (38.7) |
| Discontinued Operations: | | | | | | | | | |
| - (Loss)/Gain from discontinued operations | (1,409) | 2,335 | (160.3) | - | - | 0.0 | (1,409) | 2,335 | (160.3) |
| Total segmental net (loss)/profit | (4,917) | 1,483 | (431.6) | 5,776 | 4,549 | 27.0 | 859 | 6,032 | (85.8) |

Other than the items mentioned above which have been included in the statement of profit or loss and other comprehensive income, there were no other income including investment income, provision for and write off of receivables and inventories, gain or loss on disposal of unquoted investments or properties, impairment of assets and exceptional items for the current quarter and financial period ended 30 September 2020.

A12. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment ("PPE") have been brought forward without amendment from the financial statements for the financial period ended 31 December 2019. All PPE, except for land and buildings, are stated at cost less accumulated depreciation and less any impairment losses. Land and buildings are shown at fair values, based on valuations by external independent valuers, less subsequent accumulated depreciation on buildings and any accumulated impairment losses.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A13. SUBSEQUENT EVENTS

Proposed Disposal of Grand-Flo Spritvest Sdn Bhd

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd. The proposed disposal was approved by the non-interested shareholders’ at the extraordinary general meeting held on 20 October 2020.

The proposed disposal is deemed completed on 1 November 2020 in accordance with the terms of the SSA.

Other than the above, there were no other material events subsequent to the end of the current quarter under review.

A14. CHANGES IN COMPOSITION OF THE GROUP

On 15 May 2020, the Group had entered into a sale and purchase agreement (“SPA”) with Mr. Liu Si Ca and Ms. Leung Fung Shan to dispose of its 100% equity stake in Grand-Flo (HK) Limited (Company No.: 743969) comprising 5,400,000 shares for a total cash consideration of HK\$6,500,000 (equivalent to approximately RM3,635,593). The SPA has become unconditional following the fulfilment of all the conditions precedent stipulated in the SPA and the Completion Date of the SPA has taken place on 27 May 2020, the same date of receipt of the payment of 1st tranche of Disposal Consideration. Upon completion, Grand-Flo (HK) Limited ceased to be a subsidiary of the Group.

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd. The proposed disposal was approved by the non-interested shareholders’ at the extraordinary general meeting held on 20 October 2020 and is deemed completed on 1 November 2020 in accordance with the terms of the SSA. Upon completion, GFS ceased to be a subsidiary of the Group.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020****A15. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS****a) Grand-Flo (HK) Limited**

As disclosed in Note A14 above, the disposal of Grand-Flo (HK) Limited has been classified as discontinued operations as at 30 September 2020 in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations whereby the comparative statement of profit or loss has been presented to show the discontinued operations separately from continuing operations.

Net gain attributable to the discontinued operations is as follows:

| | Period ended 30/09/2020 RM'000 | Period ended 30/09/2019 RM'000 |
|--|---|---|
| Revenue | 2,705 | 7,950 |
| Cost of sales | (1,301) | (4,590) |
| Gross profit | 1,403 | 3,361 |
| Other income | 6 | 22 |
| Administrative expenses | (1,486) | (2,914) |
| Selling and distribution expenses | (35) | (75) |
| Other operating expenses | - | 1 |
| (Loss)/Profit from operations | (111) | 395 |
| Finance costs | (20) | - |
| (Loss)/Profit before tax | (131) | 395 |
| Income tax expense | 8 | (43) |
| (Loss)/Profit for the period | (123) | 352 |
| Loss on disposal of foreign subsidiary | (160) | - |
| Realisation of foreign translation reserve | 554 | - |
| Gain from discontinued operations | 271 | 352 |

b) Grand-Flo Spritvest Sdn Bhd (“GFS”)

As disclosed in Note A13 and A14 above, in the current quarter, Grand-Flo Spritvest Sdn Bhd, being part of the EDCCS division is presented as a disposal group held for sale in the current quarter in accordance with MFRS 5 following the signing of a conditional share sale agreement between the Company and Radiant Globaltech Bhd and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 100% stake in Grand-Flo Spritvest Sdn Bhd. The proposed disposal is deemed completed on 1 November 2020 in accordance with the terms of the SSA.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020****A15. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)****b) Grand-Flo Spritvest Sdn Bhd (cont'd)**

(Loss)/Profits attributable to the discontinued operations were as follows:

| | Period ended 30/9/2020 RM'000 | Period ended 30/9/2019 RM'000 |
|---------------------------------|--|--|
| Revenue | 32,364 | 40,353 |
| Cost of sales | (26,176) | (28,326) |
| Gross profit | 6,189 | 12,027 |
| Other income | 113 | 247 |
| Administrative expenses | (6,121) | (7,696) |
| Selling & distribution expenses | (1,129) | (1,440) |
| Other operating expenses | (680) | (507) |
| (Loss)/Profit from operations | (1,628) | 2,631 |
| Finance costs | (51) | (21) |
| (Loss)/Profit before tax | (1,680) | 2,610 |
| Income tax expense | - | (626) |
| (Loss)/Profit for the period | (1,680) | 1,983 |

As at 30 September 2020, assets and liabilities of the disposal group are as follows:

Assets of a disposal group classified as held for sale

| | Period ended 30/9/2020 RM'000 |
|-------------------------------|--|
| Property, plant and equipment | 226 |
| Inventories | 3,024 |
| Receivables | 11,823 |
| Cash and bank balances | 5,162 |
| | 20,235 |

Liabilities of a disposal group classified as held for sale

| | |
|-----------------------|--------|
| Payables and accruals | 15,426 |
| | 15,426 |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets of the Group during the quarter under review.

A17. CAPITAL COMMITMENTS

There were no material capital commitments as at the end of the current quarter under review.

A18. RELATED PARTY TRANSACTIONS

There were no related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter under review except for the following:

| | Quarter ended 30/9/2020 RM'000 | Period ended 30/9/2020 RM'000 |
|--------------------------------|---|--|
| Purchases from related parties | 2 | 58 |

A19. STATUS OF UTILISATION OF PROCEEDS

a) Proceeds from Private Placement

- i) Grand-Flo had on 18 December 2019 undertook a private placement of 14,500,000 new ordinary shares in Grand-Flo at an issuing price of RM0.26 per share for a total cash consideration of RM3,770,000.
- ii) On 5 June 2020, the Group had completed the listing and quotation for the 6,042,000 placement shares at an issuing price of RM0.24 per share for a total cash consideration of RM1,450,080 on the Main Market of Bursa Securities.
- iii) On 9 July 2020, the Group had completed the listing and quotation for the 2,200,000 placement shares at an issuing price of RM0.25 per share for a total cash consideration of RM550,000 on the Main Market of Bursa Securities.
- iv) On 22 July 2020, the Group allotted and issued 14,299,711 new ordinary shares of RM0.25 per share under the private placement arrangement for a total cash consideration of RM3,574,928.
- v) On 30 July 2020, the Group allotted and issued 10,000,060 new ordinary shares of RM0.25 per share under the private placement arrangement for a total cash consideration of RM2,500,015.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

A19. STATUS OF UTILISATION OF PROCEEDS (cont'd)

a) Proceeds from Private Placement (cont'd)

The details of utilisation of proceeds from the said private placement exercises were as follows:

| Details of Utilisation | Amount of Proceeds | Amount Utilised | Amount Unutilised |
|---------------------------------------|---------------------------|------------------------|--------------------------|
| Property Development Activities | 11,691,755 | 11,691,755 | - |
| Expenses related to Professional Fees | 153,268 | 153,268 | - |
| | 11,845,023 | 11,845,023 | - |

b) Proceeds from Disposal of Grand-Flo Spritvest Sdn Bhd (“GFS”)

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd.

In addition, prior to the date of the SSA, Grand-Flo Group extended vendor’s advances to GFS amounting to a net amount of RM2,445,927.

As at 13 November 2020, the Company has received a total consideration of RM1,450,000 and RM5,800,000 from Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd respectively.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020****A19. STATUS OF UTILISATION OF PROCEEDS (CONT'D)****b) Proceeds from Disposal of Grand-Flo Spritvest Sdn Bhd (“GFS”) (cont'd)**

The Disposal Consideration and the settlement of the Vendor’s Advances to be received pursuant to the Proposed Disposals were utilised in the following manner:

| Details of Utilisation | Amount of Proceeds | Amount Utilised | Amount Unutilised |
|---|---------------------------|------------------------|--------------------------|
| Property development activities | - | - | - |
| Partial payment for the acquisition of the Acacia project | 6,800,000 | 6,000,000 | 800,000 |
| Working capital | 450,000 | 450,000 | - |
| | 7,250,000 | 6,450,000 | 800,000 |

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET

B1. REVIEW OF OVERALL PERFORMANCE

| | Quarter Ended | | | Period Ended | | |
|---|---------------------|---------------------|--------------|---------------------|---------------------|---------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| Continuing Operations | | | | | | |
| Revenue | 20,132 | 18,234 | 10.4 | 41,392 | 49,716 | (16.7) |
| Cost of sales | (14,734) | (15,333) | 3.9 | (31,511) | (40,365) | 21.9 |
| Gross profit | 5,398 | 2,901 | 86.1 | 9,881 | 9,351 | 5.7 |
| Profit before taxation ("PBT") from Continuing Operations | 2,737 | 590 | 363.8 | 3,995 | 5,006 | (20.2) |
| Profit after taxation ("PAT") from Continuing Operations | 1,760 | 272 | 547.6 | 2,268 | 3,697 | (38.7) |
| Discontinued Operations | | | | | | |
| (Loss)/ Gain from discontinued operations, net of tax | (529) | (536) | (1.2) | (1,409) | 2,335 | (160.3) |
| Profit for the quarter/ period | 1,231 | (264) | 566.4 | 859 | 6,032 | (85.8) |

For the quarter ended 30 September 2020

Group revenue from continuing operations recorded an increase of 10.4% to RM20.1 million in the current quarter under review compared to RM18.2 million in the preceding corresponding quarter. This was contributed mainly by higher revenue recognition in the current quarter by the Property Development division as sales and construction work progress begins to pick up after the lifting of Movement Control Order ("MCO") in June 2020. Overall, profitability has improved significantly from a PBT of RM0.6 million in Q3 2019 to RM2.7 million in Q3 2020.

For the period ended 30 September 2020

Group revenue from continuing operations decreased by 16.7% to RM41.4 million in the current period compared to RM49.7 million in the preceding corresponding period. This was driven mainly by lower sales achieved by the Property Development division as well as the slow construction work progress as a result of the MCO implementation back in March 2020. As a result, PBT has decreased by 20.2% to RM4.0 million as compared to RM5.0 million in the similar period last year.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

i) EDCCS

| | Quarter Ended | | | Period Ended | | |
|--|---------------------|---------------------|--------------|---------------------|---------------------|----------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| EDCCS | | | | | | |
| Continuing Operations | | | | | | |
| Revenue | - | (0) | (100.0) | - | 3 | (100.0) |
| Cost of sales | - | 0 | 100.0 | - | 0 | 100.0 |
| Gross profit | - | 0 | (100.0) | - | 3 | (100.0) |
| (Loss) before taxation ("LBT") from Continuing Operations | (1,372) | (845) | 62.4 | (3,508) | (850) | 312.9 |
| (Loss) after taxation ("LAT") from Continuing Operations | (1,372) | (848) | 61.9 | (3,508) | (852) | 311.6 |
| Discontinued Operations | | | | | | |
| (Loss)/ gain from discontinued operations, net of tax | (529) | (536) | (1.2) | (1,409) | 2,335 | (160.3) |
| (Loss)/profit for the quarter/ period | (1,902) | (1,383) | 37.5 | (4,917) | 1,483 | (431.6) |

For the quarter ended 30 September 2020

Continuing operations

The continuing operations posted a higher LBT of RM1.4 million in Q3 2020 as compared to RM0.8 million in Q3 2019 due mainly to higher administrative expenses.

Discontinued operations

The discontinued operations posted a lower loss on discontinued operations of RM0.5 million in Q3 2020. The loss of RM0.5 million is contributed mainly by Grand-Flo Spritvest Sdn Bhd as a result of lower gross profit margin.

For the period ended 30 September 2020

Continuing operations

The continuing operations recorded a higher LBT of RM3.5 million in Q3 2020 as compared to RM0.9 million in Q3 2019 due mainly to higher administrative expenses. On the other hand, in the similar period last year, the continuing operations recorded a RM1.0 million one-off gain on disposal of its associated company in Thailand.

Discontinued operations

In the current period ended 30 September 2020, the discontinued operations recorded a loss on discontinued operations of RM1.4 million compared to a profit of RM2.3 million in the similar period last year due mainly to lower sales following the implementation of MCO. In addition, the discontinued operations also faced thinner gross profit margin as witnessed by a drop of gross profit margin from 30% in prior period to 19% in the current period.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

ii) Property Development

| | Quarter Ended | | | Period Ended | | |
|---|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % | 30/9/2020 RM'000 | 30/9/2019 RM'000 | Changes % |
| PROPERTY DEVELOPMENT | | | | | | |
| <i>Continuing Operations</i> | | | | | | |
| Revenue | 20,132 | 18,234 | 10.4 | 41,392 | 49,713 | (16.7) |
| Cost of sales | (14,734) | (15,333) | 3.9 | (31,511) | (40,365) | 21.9 |
| Gross profit | 5,398 | 2,901 | 86.1 | 9,881 | 9,348 | 5.7 |
| Profit before taxation ("PBT") from Continuing Operations | 4,110 | 1,435 | 186.4 | 7,503 | 5,856 | 28.1 |
| Profit after taxation ("PAT") from Continuing Operations | 3,132 | 1,119 | 179.8 | 5,776 | 4,549 | 27.0 |
| <i>Discontinued Operations</i> | | | | | | |
| Gain from discontinued operations, net of tax | - | - | 0.0 | - | - | 0.0 |
| Profit for the quarter/ period | 3,132 | 1,119 | 179.8 | 5,776 | 4,549 | 27.0 |

For the quarter ended 30 September 2020

The Property Development Division posted a 10.4% higher revenue from RM18.2 million in Q3 2019 to RM20.1 million in Q3 2020. This was due mainly to higher sales recorded particularly from residential development project in Kampar and Acasia. In addition, the construction work progress was picking up following the lifting of MCO in June 2020.

In tandem with higher revenue in Q3 2020, the division's PBT closed at RM4.1 million, 186.4% higher than the PBT of RM1.4 million recorded in Q3 2019.

For the period ended 30 September 2020

In spite of signs of recovery subsequent to the lifting of MCO in June 2020, the division's earnings are still affected by the slowdown in construction work progress and sales impacted by the implementation of MCO way back in March 2020.

The Property Development division recorded a 16.7% lower in revenue as compared to RM49.7 million in the similar period last year. However, PBT has improved by 28.1% to RM7.5 million from RM5.9 million which was contributed by the new development project in Kampar.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B2. MATERIAL CHANGES IN QUARTERLY RESULTS

| | Quarter Ended | | |
|---|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/6/2020 RM'000 | Changes % |
| Group | | | |
| Continuing Operations | | | |
| Revenue | 20,132 | 9,605 | 109.6 |
| Cost of sales | (14,734) | (7,518) | (96.0) |
| Gross profit | 5,398 | 2,087 | 158.6 |
| Profit before taxation ("PBT") from Continuing Operations | 2,737 | 413 | 562.8 |
| Profit after taxation ("PAT") from Continuing Operations | 1,760 | 148 | 1088.9 |
| Discontinued Operations | | | |
| (Loss) from discontinued operations, net of tax | (529) | (565) | (6.3) |
| Profit/ (loss) for the quarter | 1,231 | (417) | 395.0 |

The Group recorded a PBT of RM2.7 million from continuing operations in the current quarter as compared to RM0.4 million in the immediate preceding quarter. This was mainly driven by higher revenue recognition by the property development division.

i) EDCCS

| | Quarter Ended | | |
|---|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/6/2020 RM'000 | Changes % |
| EDCCS | | | |
| Continuing Operations | | | |
| Revenue | - | - | 0.0 |
| Cost of sales | - | - | 0.0 |
| Gross profit | - | - | 0.0 |
| Loss before taxation ("LBT") from Continuing Operations | (1,372) | (889) | (54.4) |
| Loss after taxation ("LAT") from Continuing Operations | (1,372) | (889) | (54.4) |
| Discontinued Operations | | | |
| (Loss) from discontinued operations, net of tax | (529) | (565) | (6.3) |
| (Loss) for the quarter | (1,902) | (1,454) | 30.8 |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B2. MATERIAL CHANGES IN QUARTERLY RESULTS (CONT'D)

i) EDCCS (cont'd)

Continuing operations

LBT has increased by 54.4% to RM1.4 million from RM0.9 million which was mainly due to higher administrative expenses incurred during the quarter.

Discontinued operations

The discontinued operations posted a lower loss on discontinued operations of RM0.5 million in Q3 2020. The loss of RM0.5 million is contributed mainly by Grand-Flo Spritvest Sdn Bhd as a result of lower gross profit margin.

ii) Property Development

| | Quarter Ended | | |
|---|---------------------|---------------------|--------------|
| | 30/9/2020 RM'000 | 30/6/2020 RM'000 | Changes % |
| Property Development | | | |
| Continuing Operations | | | |
| Revenue | 20,132 | 9,605 | 109.6 |
| Cost of sales | (14,734) | (7,518) | (96.0) |
| Gross profit | 5,398 | 2,087 | 158.6 |
| Profit before taxation ("PBT") from Continuing Operations | 4,110 | 1,302 | 215.7 |
| Profit after taxation ("PAT") from Continuing Operations | 3,132 | 1,037 | 202.1 |
| Discontinued Operations | | | |
| Gain from discontinued operations, net of tax | - | - | 0.0 |
| | | | |
| Profit for the quarter | 3,132 | 1,037 | 202.1 |

For the quarter under review, PBT increased significantly by 215.7% to RM4.1 million as compared to the immediate preceding quarter of RM1.3 million. This was in tandem with higher sales and higher construction work progress achieved following the lifting of MCO in June 2020.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B3. COMMENTARY ON PROSPECTS

The proposed disposal of 100% equity in Grand-Flo Spritvest Sdn Bhd was deemed completed on 1st November 2020. With that, the Company is left with Property Development segment.

The Company will continuously endeavour to scale up its property development segment via launching of new projects and/ or acquisition/ entering into joint ventures of viable projects and landbanks for future development.

B4. TAXATION

Tax (expense)/credit based on results for the continuing operations:-

| | Quarter ended 30/09/2020 RM'000 | Period ended 30/09/2020 RM'000 |
|---------------------|--|---|
| Current: | | |
| Malaysia income tax | (977) | (1,727) |
| | (977) | (1,719) |

The effective tax rate is higher than the statutory tax rate for the quarter under review due to certain expenses which are not deductible for tax purposes. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the quarter and the year.

B5. STATUS OF CORPORATE PROPOSALS AS AT 23 NOVEMBER 2020

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd.

The proposed disposal has been approved by the non-interested shareholders’ at the extraordinary general meeting held on 20 October 2020 and is deemed completed on 1 November 2020 in accordance with the terms of the SSA.

Save from the above proposed disposal and the Private Placement as disclosed in Note A19, there were no corporate proposals announced but not completed as at 23 November 2020, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B6. BORROWINGS

The borrowings of the Group as at 30 September 2020 were as follows:

| | As at 30/09/2020 RM'000 | As at 30/09/2019 RM'000 |
|--|--|--|
| Secured Short-term (due within 12 months): | | |
| Bankers' acceptance / factoring | - | - |
| Term loan | - | 126 |
| Hire purchase & lease payables | - | - |
| | <u>-</u> | <u>126</u> |
| Secured Long-term (due after 12 months): | | |
| Term loan | - | 572 |
| Hire purchase & lease payables | - | - |
| | <u>-</u> | <u>572</u> |
| Total Borrowings | <u>-</u> | <u>698</u> |

There was no unsecured borrowing for the current quarter. All borrowings were denominated in Ringgit Malaysia.

B7. MATERIAL LITIGATION

The Directors are not aware of any material litigations or claims against the Group and Company as at 23 November 2020, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

B8. DIVIDEND

(a) The Board does not recommend any interim dividend for the quarter ended 30 September 2020 of the financial year ending 31 December 2020.

(b) For the financial year ended 31 December 2019, the Board recommended a final share dividend via a distribution of treasury shares on the basis of one (1) treasury share for every thirty (30) existing ordinary shares. It has been approved by the shareholders at the Annual General Meeting held on 7 July 2020 and is accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

B9. EARNINGS PER SHARE

(a) **Basic earnings per share**

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

Continuing Operations

| | Quarter ended 30/09/2020 | Period ended 30/09/2020 |
|---|---|--|
| Net profit attributable to ordinary equity holders of the parent (RM'000) | 1,760 | 2,268 |
| Weighted average number of ordinary shares in issue ('000) | 516,295 | 494,606 |
| Basic earnings per share (sen) | 0.34 | 0.46 |

(b) **Diluted earnings per share**

Diluted earnings per share is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

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