

NEXGRAM HOLDINGS BERHAD

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2019**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2019 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2018 RM	CURRENT YEAR TO-DATE 31 JANUARY 2019 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2018 RM
Revenue		15,000,654	10,339,124	26,651,520	20,920,099
Operating expenses		(13,155,104)	(10,468,504)	(24,546,885)	(20,375,316)
Profit/(loss) from operations		1,845,550	(129,380)	2,104,635	544,783
Depreciation		(215,734)	(1,651,011)	(432,883)	(4,586,027)
Share of (loss)/profit from associate		(173,817)	(1,152,914)	80,907	(348,361)
Finance costs		(1,043,188)	(973,856)	(2,024,713)	(1,960,067)
Interest income		45,186	50,680	106,263	108,717
Profit/(loss) before taxation		457,997	(3,856,481)	(165,791)	(6,240,955)
Taxation	B5	(6,845)	(690)	29,856	46,039
Profit/(loss) for the period		451,152	(3,857,171)	(135,935)	(6,194,916)
Other comprehensive loss, net of tax					
Foreign currency translation		(4,298,091)	(11,646,119)	(8,587,070)	(11,876,268)
Loss on fair value changes of available-for-sale financial assets		(1,033,452)	-	(2,576,982)	-
Total comprehensive loss for the period, net of tax		(4,880,391)	(15,503,290)	(11,299,987)	(18,071,184)
Loss for the period attributable to:					
Equity holders of the Company		251,544	(3,334,458)	(711,641)	(6,231,725)
Non-controlling interests		199,608	(522,713)	575,706	36,809
Profit/(loss) for the period		451,152	(3,857,171)	(135,935)	(6,194,916)
Total comprehensive loss attributable to:					
Equity holders of the Company		(5,079,999)	(14,980,577)	(11,875,693)	(18,107,993)
Non-controlling interests		199,608	(522,713)	575,706	36,809
Total comprehensive loss for the period		(4,880,391)	(15,503,290)	(11,299,987)	(18,071,184)
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	0.01	(0.18)	(0.04)	(0.33)
- Diluted (sen)		0.01	-	-	-

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

NEXGRAM HOLDINGS BERHAD

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(Incorporated in Malaysia)

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ENDED 31 JANUARY 2019**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 JANUARY 2019 (UNAUDITED) RM	AT 31 JULY 2018 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	4,795,294	5,091,645
Land held for property development	62,555,007	62,357,598
Investment properties	87,693,627	87,741,600
Goodwill on consolidation	49,671,186	49,671,186
Investment in associate	810,340	728,489
Other investment	12,070,670	10,185,622
Deferred tax assets	58,203	-
Total non-current assets	<u>217,654,327</u>	<u>215,776,140</u>
Current assets		
Inventories	2,716,542	3,332,550
Trade receivables	11,572,806	11,744,387
Other receivables, deposits and prepayments	4,364,173	4,618,397
Amount due from associate company	509,577	1,679,401
Tax recoverable	1,236,233	1,237,172
Fixed deposits with a licensed bank	9,500,373	7,004,126
Cash and bank balances	5,570,764	5,600,927
Total current assets	<u>35,470,468</u>	<u>35,216,960</u>
Total assets	<u><u>253,124,795</u></u>	<u><u>250,993,100</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	106,563,198	98,050,724
Reserves	70,086,391	73,566,528
Accumulated losses	(25,062,143)	(24,350,502)
	<u>151,587,446</u>	<u>147,266,750</u>
Non-controlling interests	8,692,148	8,118,058
Total equity	<u>160,279,594</u>	<u>155,384,808</u>
LIABILITIES		
Non-current liabilities		
Hire purchase creditors	529,161	1,052,750
Term loans	51,156,760	52,040,195
Deferred tax liabilities	-	26,815
Total non-current liabilities	<u>51,685,921</u>	<u>53,119,760</u>
Current liabilities		
Trade payables	9,582,348	10,867,230
Other payables and accruals	25,960,276	25,938,159
Hire purchase creditors	400,171	414,337
Term loans	3,716,984	3,510,822
Borrowings	539,228	762,907
Bank overdraft	954,362	904,915
Tax payable	5,911	90,162
Total current liabilities	<u>41,159,280</u>	<u>42,488,532</u>
Total liabilities	<u>92,845,201</u>	<u>95,608,292</u>
Total equity and liabilities	<u><u>253,124,795</u></u>	<u><u>250,993,100</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	<u>7.32</u>	<u>7.56</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	----- Attributable to owners of the parent ----->							Distributable	Non-controlling interests	Total equity	
	Non-Distributable										
	Share capital RM	Share premium RM	Warrants reserve RM	Fair value reserve RM	Capital reserve RM	Treasury share RM	Translation reserve RM	Accumulated loss RM	Total RM	RM	RM
At 1 August 2018	98,050,724	5,460,724	6,281,395	701,637	94,156,725	(245,000)	(32,788,953)	(24,350,502)	147,266,750	8,118,058	155,384,808
Transaction with owners:											
- Adjustment due to adoption of CA 2016	5,460,724	(5,460,724)	-	-	-	-	-	-	-	-	-
- Issuance of shares	3,051,750	-	-	-	-	-	-	-	3,051,750	-	3,051,750
- Foreign currency translation	-	-	-	5,229,624	-	-	7,915,015	-	13,144,639	-	13,144,639
Total transactions with owners	8,512,474	(5,460,724)	-	5,229,624	-	-	7,915,015	-	16,196,389	-	16,196,389
Loss for the financial period	-	-	-	-	-	-	-	(711,641)	(711,641)	574,090	(137,551)
Other comprehensive loss for the period	-	-	-	(2,576,982)	-	-	(8,587,070)	-	(11,164,052)	-	(11,164,052)
Total comprehensive profit/(loss) for the financial period	-	-	-	(2,576,982)	-	-	(8,587,070)	(711,641)	(11,875,693)	574,090	(11,301,603)
At 31 January 2019	<u>106,563,198</u>	<u>-</u>	<u>6,281,395</u>	<u>3,354,279</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(33,461,008)</u>	<u>(25,062,143)</u>	<u>151,587,446</u>	<u>8,692,148</u>	<u>160,279,594</u>
At 1 August 2017	94,156,724	5,460,724	6,281,395	(1,863,010)	94,156,725	(245,000)	(31,140,391)	31,969,911	198,777,078	8,288,244	207,065,322
Prior year adjustment	-	-	-	-	-	-	-	(36,403)	(36,403)	-	(36,403)
	94,156,724	5,460,724	6,281,395	(1,863,010)	94,156,725	(245,000)	(31,140,391)	31,933,508	198,740,675	8,288,244	207,028,919
Transaction with owners:											
- Issuance of share	3,894,000	-	-	-	-	-	-	-	3,894,000	-	3,894,000
- Foreign currency translation	-	-	-	-	-	-	9,086,889	-	9,086,889	-	9,086,889
- Disposal of subsidiaries	-	-	-	-	-	-	-	5,364,410	5,364,410	(92,966)	5,271,444
Total transactions with owners	3,894,000	-	-	-	-	-	9,086,889	5,364,410	18,345,299	(92,966)	18,252,333
Loss for the financial year	-	-	-	-	-	-	-	(61,648,420)	(61,648,420)	(77,220)	(61,725,640)
Other comprehensive loss for the year	-	-	-	2,564,647	-	-	(10,735,451)	-	(8,170,804)	-	(8,170,804)
Total comprehensive loss for the financial year	-	-	-	2,564,647	-	-	(10,735,451)	(61,648,420)	(69,819,224)	(77,220)	(69,896,444)
At 31 July 2018	<u>98,050,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>701,637</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(32,788,953)</u>	<u>(24,350,502)</u>	<u>147,266,750</u>	<u>8,118,058</u>	<u>155,384,808</u>

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR TO-DATE 31 JANUARY 2019	PRECEDING YEAR TO-DATE 31 JANUARY 2018
	RM	RM
Cash flows from operating activities		
Loss before taxation	(165,791)	(6,240,955)
Adjustments for non-cash flow:		
Non-cash items	(1,503,909)	4,892,391
Finance costs	2,024,713	1,960,067
Interest income	(106,263)	(108,717)
Operating profit before working capital changes	<u>248,750</u>	<u>502,786</u>
Changes in working capital:		
Net change in current assets	1,232,837	443,156
Net change in current liabilities	1,621,460	2,695,531
Cash generated from operations	<u>3,103,047</u>	<u>3,641,473</u>
Interest paid	(2,024,713)	(1,960,067)
Income tax paid	(64,998)	(308,611)
Net cash from operating activities	<u>1,013,336</u>	<u>1,372,795</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(125,472)	(10,791)
Purchase of land held for property development	(197,409)	-
Proceeds from disposal of property, plant and equipment	6,876	90,000
Net cash (used in)/generated from investing activities	<u>(316,005)</u>	<u>79,209</u>
Cash flows from financing activities		
Issuance of share	3,051,750	-
Interest received	106,263	108,717
Repayment of hire purchase creditors	(537,755)	(270,112)
Drawdown of fixed deposit	-	965,361
Placement of fixed deposit	(2,496,247)	-
Repayment of borrowings	(223,679)	(856,546)
Repayment of term loans	(677,273)	(1,352,975)
Net cash from financing activities	<u>(776,941)</u>	<u>(1,405,555)</u>
Net (decrease)/increase in cash and cash equivalents	(79,610)	46,449
Cash and cash equivalents at 1 May	4,696,012	1,097,713
Translation differences	-	-
Cash and cash equivalents at end of period	<u>4,616,402</u>	<u>1,144,162</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	5,570,764	3,998,549
Bank overdraft	(954,362)	(2,854,387)
	<u>4,616,402</u>	<u>1,144,162</u>

(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 July 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the latest audited financial statements of Nexgram Holdings Berhad (“Nexgram” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 July 2018.

The accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 July 2018.

At the beginning of the current financial year, the Group and the Company adopted MFRSs and amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 August 2017.

Initial application of the Standards and amendments to the standards did not have material impact to the financial statements. The nature and the impact of the applicable new standards and amendments are described below:-

Standards issued but not yet effective

The Group and the Company has not applied the following MFRSs that have been issued by the Malaysian Accounting Standard Board (“MASB”) but are not yet effective for the Group and the Company:

MFRSs effective for annual periods beginning on or after 1 August 2018

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers

MFRSs effective for annual period beginning on or after 1 August 2019

- MFRS 16, Leases

MFRSs effective for annual period beginning on or after 1 August 2020

- MFRS 17, Insurance Contracts

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2019****A2. Qualification of financial statements**

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 31 July 2018.

A3. Seasonal or cyclical factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

A4. 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 of the Group during the current quarter under review.

A5. Material changes in estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current quarter under review.

A6. Debts and equity securities

There were no issuance, repurchase, cancellation, resale, and repayment of debt and equity securities of the Company for the current quarter under review.

A7. Dividend paid

There was no dividend paid during the current quarter under review.

A8. Segmental information

The segmental analysis of revenue and profit before taxation of the Group for the financial period ended 31 January 2019 is tabulated below:

Segment	ICT RM	Property Investments RM	Logistics RM	Elimination RM	Total RM
Revenue	15,669,238	2,017,397	9,057,285	(92,400)	26,651,520
Profit/(loss) before taxation	1,202,362	(1,206,955)	(161,198)	-	(165,791)

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A9. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Valuation of investment properties

The Group did not revalue any of its investment properties during the current quarter under review.

A11. Material events subsequent to the end of the quarter

As at the date of the report, being the latest practicable date of this Report, there is no material events subsequent to the quarter ended 31 January 2019.

A12. Changes in composition of the Group

Other than as disclosed below, there were no changes in the composition of the Group during the financial period ended 31 January 2019.

a) Incorporation of a new wholly-owned subsidiary of Nexgram Zhida New Energy Development Sdn. Bhd.

On 29 January 2019, the Company had incorporated a new wholly-owned subsidiary of Nexgram Zhida New Energy Development Sdn. Bhd.

A13. Contingent assets or liabilities

Save as disclosed below, the Company does not have any contingent assets or liabilities as at the date of the report.

	RM
<u>Contingent liability :</u>	
Corporate guarantee granted to subsidiary companies	<u>56,111,508</u>

A14. Capital commitments

There were no capital commitments during the period under review.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2019****ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

	Individual Period (2 nd Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31 Jan 2019 RM'000	31 Jan 2018 RM'000		31 Jan 2019 RM'000	31 Jan 2018 RM'000	
Revenue	15,001	10,339	45.09	26,652	20,920	27.40
Operating profit/(loss)	1,846	(129)	(>100)	2,105	545	>100
Profit/(loss) before interest and tax	1,456	(2,933)	(>100)	1,753	(4,390)	(>100)
Profit/(loss) before tax	458	(3,856)	(>100)	(166)	(6,241)	(97.34)
Profit/(loss) after tax	451	(3,857)	(>100)	(136)	(6,195)	(97.81)
Profit/(loss) attributable to Ordinary Equity Holders of the parent	252	(3,334)	(>100)	(712)	(6,232)	(88.58)

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B1. Review of performance (cont'd)

(a) Performance of the current quarter/ period against the preceding year corresponding quarter/ period

The Group recorded revenue of RM15.0 million in the current 3-months financial period ended 31 January 2019 as compared to RM10.3 million reported in the previous year corresponding period. The Group's revenue increased by 45.09% mainly due to increase in revenue from logistic and IT division.

The Group recorded a profit before taxation of RM0.5 million for the current 3-months financial period ended 31 January 2019 as compared to a loss before taxation of RM3.9 million reported in the previous year corresponding period. The increase in profit before taxation recorded in the current quarter was mainly attributed by the increase in revenue, reduction of share of loss of associate and amortisation from the disposal companies.

(b) Performance of the financial year-to-date against preceding year corresponding period

The Group's revenue of RM26.7 million in the current 6-months financial period ended 31 January 2019 as compared to RM20.9 million reported in the previous year corresponding period. The Group's revenue increased by 27.40% mainly due to increase in revenue from logistic division.

The Group recorded a loss before taxation of RM0.2 million for the current 6-months financial period ended 31 January 2019 as compared to a loss before taxation of RM6.2 million reported in the previous year corresponding period. The decrease in loss before taxation recorded in the current period was mainly attributed by the increase in revenue, reduction of share of loss of associate and amortisation from the disposal companies.

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	Current Quarter 31 Jan 2019 RM'000	Immediate Preceding Quarter 31 Oct 2018 RM'000	Changes %
Revenue	15,001	11,651	28.75
Operating profit	1,846	258	>100
Profit before interest and tax	1,456	296	>100
Profit/(loss) before tax	458	(624)	(>100)
Profit/(loss) after tax	451	(587)	(>100)
Profit/(loss) attributable to Ordinary Equity Holders of the parent	252	(963)	(>100)

For the current quarter ended 31 January 2019, the Group recorded revenue of RM15.0 million as compared to RM11.7 million recorded in the previous quarter ended 31 October 2018. The Group's revenue increased by 28.75% mainly increase in revenue from logistic division and a group of subsidiaries involve in dealing with a wide-ranging choice of security and video surveillance equipment.

The Group recorded a profit before taxation of RM0.5 million for the current quarter ended 31 January 2019 as compared to loss before taxation of RM0.6 million recorded in the previous quarter ended 31 October 2018. The profit increase in this quarter mainly due to increase in revenue from logistic division and a group of subsidiaries involves in dealing with a wide-ranging choice of security and video surveillance equipment.

B2. Current year's prospect

The Company is in the midst of revising on the ICT segment, meanwhile, also maintaining the good records with the existing clients, Sensorlink Holdings Sdn Bhd and its subsidiaries duly specialist in providing security system and protection equipment, are renewing their contract of services with few main clients, as the new projects previously deal with government sectors remained challenge.

The Group is now forecasting in property development business. For the costs effective and efficiency working towards the success of the Angkasa Icon City Project, the Group

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B2. Current year's prospect (cont'd)

had restructured by engaging its own project management team. With the recent new requirement in changes in the design and development plan by MyAngkasa Bina Sdn Bhd.

("MyAngkasa"), which its ultimately 100% owned by Angkatan Koperasi Kebangsaan Malaysia Bhd being the sole Purchaser of the Angkasa Icon City, the Group has finalised and resubmitted for approval to obtain Development Order.

Beside the above-mentioned businesses, the Group is also currently looking for potential partners to widen its business opportunities to expand its sources of income and profitability, notwithstanding to expand into overseas markets as and when opportunity derived.

During the last financial year, the Company has signed up several business deals to collaboration with China Companies.

As on 12 March 2018, the Group had entered into a Strategic Cooperation Framework Agreement ("SCFA") with Jiangsu Tongguang Optical Cable Ltd. ("JTOCC"). JTOCC is a subsidiary of Jiangsu Tongguang Electronic Wire & Cable Co. Ltd. ("JTEWCC") (a company listed in Shenzhen, China pursuant to which both parties will carry out all-round operations in the field of Communications Cables, Radio-frequency coaxial cables, High Temperature Resistant Wires and Cables for Aerospace, Aluminium-Alloy Electrical Cables, Submarine Optical Fiber Cables and other optical cable along power transmission line (4G,5G), including products research and development, distributions, projects joint venture, maintenances & supports, and others strategic partnership co-operations in South East Asian countries. Malaysia is the new market for JTEWCC Group.

On 12 April 2018, the Group had entered into a Strategic Cooperation Framework Agreement ("SCFA") with Shanghai Zhida New Energy Automobile Public Support Development Co. Limited, a subsidiary company of Shanghai Zhida Science and Technology Development Co. Ltd. ("ZHIDA GROUP"), for distributorship and joint venture in electronic vehicle charging products and services in South East Asia. Malaysia will be a sole distribution hub. Since this is the new technology introducing into South East Asia's market. The SCFA has specifically covered the cooperation in carry out all-round operations in the field of localised implementation of technology and resources in new energy automotive industry, such as smart travel hardware and national Internet high-tech products, urban electronic vehicle charging platform, electric vehicle master planning and operation, and the business of smart-vehicle networking intelligent hardware, research and development which includes electronic vehicle, unmanned driving technology, and shared car economy industrial chain.

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The Group has not published or issued any profit forecast for the current period and financial year as at the date of the report.

B4. Profit before tax is stated after charging/ (crediting):

	Quarter ended 31.01.19 <u>RM</u>	Year to date 31.01.19 <u>RM</u>
Depreciation of property, plant and equipment	215,734	432,883
Gain on disposal of property, plant and equipment	(1,979)	(1,979)
Interest expense	1,043,188	2,024,713
Interest income	(45,186)	(106,263)
Realised gain on foreign exchange	(41,500)	(7,675)

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.01.19 RM	31.01.18 RM	31.01.19 RM	31.01.18 RM
Current period's provision	-	-	-	-
Deferred tax provision	(6,845)	(690)	29,856	46,039
Total	(6,845)	(690)	29,856	46,039

B6. Status of corporate proposals and utilisation of proceeds

There were no other corporate proposals announced by the Company as at the date of the report.

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Save as disclosed below, the Group does not have any loan outstanding or created, convertible debt securities, mortgages or charges outstanding as at 31 January 2019.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	5,610,745	51,685,921

The above borrowings are in the Malaysian currencies. There has been no default on payment of either interest and/or principal sum, in respect of the abovementioned borrowings throughout the past one (1) financial year.

B8. Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at the date of the report except the following:

- a) Proposed disposal of eleven (11) storey stratified office building, Nexgram Tower

The Company wholly-owned subsidiary, Coconut Three Sdn Bhd (formerly known as Nexgram Land Sdn Bhd), had on 31 December 2018 entered into a Sale and Purchase Agreement with IMS Development Sdn Bhd for the disposal of 11 storey stratified office building erected on part of the Master Title PN 46338, Lot No. 58190, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur bearing postal address at Tower 7, Avenue 3, The Horizon Phase 1, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur measuring approximately 79,347 square for a consideration of RM67,000,000.00.

B9. Material litigation

There is no material litigation as at the date of the report except following:

- a) Coconut Three Sdn Bhd (previously known as Nexgram Land Sdn Bhd) (“Plaintiff”) v. Lau Tian Kit (“Defendant”)

The Plaintiff had on 11th August 2018 filed a Writ and Statement of Claim dated 9th August 2018 in Kuala Terengganu High Court against the Defendant to claim for compensation for breach of profit guarantee given by the Defendant to the Plaintiff. In the Statement of Claim, the Plaintiff is seeking the following relieves against the Defendant:-

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B9. Material litigation (cont'd)

- i) the sum of Ringgit Malaysia Seven Million Two Hundred Fifty Thousand Three Hundred and Eleven (RM7,250,311) be paid by the Defendant to the Plaintiff;
- ii) interest at the rate of five percent (5%) per annum Ringgit Malaysia Seven Million Two Hundred Fifty Thousand Three Hundred and Eleven (RM 7,250,311) to be calculated from 30 September 2017 up to the date of the full settlement by the Defendant to the Plaintiff;
- iii) costs of this action on solicitors-client basis be paid by the Defendant to the Plaintiff; and
- iv) further and/or other relief that the Honourable Court deems just and/or suitable and/or fair.

The Plaintiff had on 21st August 2018 served the Writ and Statement of Claim on the Defendant through its Solicitors who had confirmed in writing that they are authorised by the Defendant to accept service on behalf of the Defendant.

Subsequently, the Plaintiff applied for the matter to be transferred to Kuala Lumpur High Court and the Court had on 17th September 2018 granted an order in term for the matter to be transferred to Kuala Lumpur High Court, pending the administrative processes.

The Defendant had on 20th September 2018 served the Plaintiff with the Statement of Defence dated 20th September 2018. The Plaintiff shall file a Reply to the said Statement of Defence by 4th October 2018.

The Plaintiff had filed a Reply to the Defendant's Statement of Defence on 31st October 2018.

The Plaintiff had on 20th September 2018 filed a Notice of Application for Summary Judgment against the Defendant. Plaintiff had served the unsealed Notice of Application and Affidavit in Support dated 19th September 2018 on the Defendant's Solicitors 20th September 2018 and the sealed Notice of Application on 24th September 2018.

The Court had fixed the return day of the Notice of Application of 2nd October 2018 in Kuala Terengganu High Court, pending completion of the administrative processes for the transfer from Kuala Terengganu High Court to Kuala Lumpur High Court.

The matter had already been transferred in Kuala Lumpur High Court.

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B9. Material litigation (cont'd)

By consent of both the Plaintiff and the Defendant, the Plaintiff had withdrawn its application for Summary Judgment and the Defendant had withdrawn its application for Striking Out and the Court has fixed 14 and 15 January 2019 as the date of full trial of this matter.

The Defendant had raised preliminary objection two (2) working days before the full trial for the judge to strike out the Plaintiff suit, but the preliminary objection has been dismissed by the Honourable Judicial Commissioner.

The full trial have taken place on 14th January 2019 as scheduled, and the matter is now pending written submission by both Parties and oral clarification before the Honourable Judicial Commissioner have been fixed on 28th May 2019, before the decision be pronounced by the Court.

- b) Coconut Three Sdn Bhd (previously known as Nexgram Land Sdn Bhd) v. Nexgram Holdings Berhad (“Plaintiff”) v. Lau Tian Kit (“Defendant”)

The Plaintiffs had on 20th August 2018 filed a Writ and Statement of Claim dated 20th August 2018 in Kuala Terengganu High Court against the Defendant amongst other things for minority shareholder oppression, refusal to allow access to accounting records of a company known as Blue Hill Development Sdn Bhd and for writing on behalf of the Second Plaintiff without authorisation to Bursa Malaysia on various litigations matters involving Blue Hill Development Sdn Bhd. In the Statement of Claim, the Plaintiffs are seeking the following relieves against the Defendant:-

- i) The Defendant to allow an approved auditor to be appointed by the First Plaintiff and the Second Plaintiff access to inspect and take copies of all

accounting records and documents of the Company, whether in electronic, documentary or any other form (“the Company Records”) at the address of the Company at 45-01, Jalan Tun Abdul Razak, Susur 1/1 Medan Cahaya, 80000 Johor Bahru, Malaysia and/or such other place where the Company Records are kept.

- ii) Damages against the Defendant for the Sum of Ringgit Malaysia Seven Million (RM 7,000,000) or such other sum as this Honourable Court thinks fit to the First Plaintiff and the Second Plaintiff as compensation for refusal to provide the audited accounts and to allow access to the internal and external auditor of the First Plaintiff and Second Plaintiff which had caused damage to the First Plaintiff and Second Plaintiff;
- iii) Damages against the Defendant for the Sum of Ringgit Malaysia Six Million (RM 6,000,000) or such other sum as this Honourable Court thinks fit to the

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B9. Material litigation (cont'd)

Second Plaintiff as compensation for writing to Bursa Malaysia without the authorisation of the Board of Directors of the Second Plaintiff which had caused damage to the Second Plaintiff;

- iv) The Defendant is strictly prohibited whether personally or through any of his companies or through his solicitors or his advisors at any time write or communicate matters pertaining to the Company which is within the jurisdictions of the Board of Directors of the First Plaintiff or the Second Plaintiff to any party without the prior written approval of the Board of Directors of the First Plaintiff and the Second Plaintiff;
- v) Equitable compensation;
- vi) Other loss and damages to be assessed;
- vii) Interest on all sum found to be due to the First Plaintiff and the Second Plaintiff at such rates and for such periods of time as this Honourable Court thinks fit;
- viii) Cost on client-solicitors basis against the Defendant; and
- ix) Such further or other relief as the Honourable Court deems fit.

The Plaintiffs had on 21st August 2018 served the Writ and Statement of Claim on the Defendant through its Solicitors who had confirmed in writing that they are authorised by the Defendant to accept service on behalf of the Defendant.

Subsequently, the Plaintiffs applied for the matter to be transferred to Kuala Lumpur High Court and the Court had on 17th September 2018 granted an order

in term for the matter to be transferred to Kuala Lumpur High Court pending the administrative processes.

The Defendant had on 20th September 2018 served the Plaintiffs with the Statement of Defence dated 20th September 2018. The Plaintiffs shall file a Reply to the said Statement of Defence by 4th October 2018.

The Plaintiffs had filed a Reply to the Defendant's Statement of Defence on 31st October 2018.

The Defendant has filed an application to strike out the Plaintiff's action and the Court has fixed 4th January 2019 as the hearing date of the Defendant's Application for Striking Out.

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B9. Material litigation (cont'd)

The hearing of the Defendant's Application for Striking Out on 4th January 2019 was adjourned because the Defendant's Solicitors was ill and had been re-fixed on 11th January 2019. The Court had dismissed the Defendant's Application for Striking Out on 21st February 2019 and has fixed 8th and 9th May 2019 as the dates of the full trial.

- c) NLSB (currently known as CTSB), a wholly-owned subsidiary of the Company had on 18 July 2017 received a sealed Writ of Summons dated 13 July 2017 ("the Writ") and the Statement of Claim dated 12 July 2017 for RM12.5 million from Spacious Glory Sdn. Bhd.'s ("Plaintiff") Solicitors ("the Statement of Claim").

The Plaintiff is claiming RM12.5 million from NLSB, being the purchase consideration of 770,000 ordinary shares, representing 70% stake acquired in Blue Hill Development Sdn. Bhd. ("Blue Hill") by NLSB from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 ("SPA").

The claim had been categorically denied and disputed by the Company or NLSB and NLSB had at the same time on 21 August 2017 filed a counter-claim against the Plaintiff for breach of warranties especially with regard to the no-litigations (current or future, written or verbal, and apparent, contingent or threatened) confirmation made by its director during the due diligence exercise prior to signing of the SPA of the shares in Blue Hill between Plaintiff and NLSB.

The claim and counterclaim were tried in the Kuala Lumpur High Court on 4 June 2018 to 6 June 2018. On 20 July 2018, the High Court allowed SG's claim for RM12,500,000.00 in the original action. The High Court also allowed NLSB's claim for misrepresentation in the counterclaim action but did not grant the relief sought by NLSB to (amongst others) terminate the SSA for misrepresentation.

In light of the High Court's decision on 20 July 2018, NLSB has lodged an appeal to the Court of Appeal on 3 August 2018 against the High Court's decision. NLSB

has also obtained a stay of execution against the Judgment dated 20 July 2018 pending the determination and disposal of NLSB's appeal in the Court of Appeal. This appeal is currently fixed for hearing on 10 April 2019.

- d) TC Capital Resources Sdn Bhd ("TCCR") vs Kontrek Anugerah Sdn. Bhd. ("KASB") and Nexgram Land Sdn Bhd. ("NLSB") (currently known as Coconut Three Sdn. Bhd. ("CTSB")).

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B9. Material litigation (cont'd)

The ten (10) Hire Purchase Lawsuits Suits were commenced by TCCR against KASB and NLSB in breach of hire purchase agreements entered into between

TCCR and KASB (“the said Agreements”). NLSB is the Guarantor in respect of the said Agreements.

The total outstanding amount (exclusive of interest and costs) claimed by TCCR for all the ten (10) Suits amounting to RM1,047,603.63.

The Court had fixed 9 November 2018 for clarification/decision of the ten (10) summary judgment applications upon hearing parties on 9 November 2018, the Judge proceeded to fix 26 November 2018 for further submissions and hearing and the decision for all ten (10) summary judgment applications on 3 December 2018.

On 3rd December 2018, the Sessions Court allowed TCCR’s claim in all ten (10) summary judgment applications for all 10 Suits, with interests due and owing and calculated at the rate of 8% p.a. from 24 February 2018 until full settlement as well as costs of RM800.00 per Suit.

KASB and NLSB had appealed on all of the Sessions Court’s decision in allowing the ten (10) summary judgment applications for all ten (10) suits by filing ten (10) separate notices of appeals on 17 December 2018.

Parties have agreed for all ten (10) Appeals to be heard together before the same Court. The following directions were provided by the High Court in respect of all the ten (10) Appeals :-

- (i) the written submissions and bundle of authorities to be filed in Court and served simultaneously by parties on/before 5 April 2019;
- (ii) the written submissions in reply and bundle of authorities, if any, to be filed in Court and served simultaneously by parties on/before 19 April 2019.

The High Court proceeded to also fix a hearing date for all ten (10) Appeals on 29 April 2019 (Monday).

B10. Dividend

There is no dividend declared for the current quarter under review.

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Basic earnings per shares is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter	Current Year to date
Profit/(loss) attributable to ordinary equity holders of the Company (RM)	251,544	(711,641)
Weighted average number of shares	1,973,625,165	1,973,625,165
Basic earnings per shares (sen)	0.01	(0.04)

(b) Diluted

Diluted earnings per shares is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue and issuable during the period.

	Current Quarter	Current Year to date
Profit/(loss) attributable to ordinary equity holders of the Company (RM)	251,544	(711,641)
Weighted average number of shares	1,973,625,165	1,973,625,165
Effects of dilution in outstanding warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	1,973,625,165	1,973,625,165
Diluted earnings per shares (sen)	0.01	N/A