

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Unaudited As At 31.12.18 RM'000	Audited As At 30.06.18 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	203	117
Investment properties	65,944	66,092
Financial assets at fair value through profit or loss (quoted shares)	10,789	12,257
Goodwill on consolidation	18	18
	76,954	78,484
<b>Current Assets</b>		
Short term cash investments (unit trust)	71,612	81,316
Financial assets at fair value through profit or loss (quoted shares)	4,704	5,552
Trade and non-trade	49,117	49,119
Tax recoverable	17	22
Cash and cash equivalents	7,338	7,103
	132,788	143,112
<b>TOTAL ASSETS</b>	<u>209,742</u>	<u>221,596</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	99,367	99,367
Retained earnings	67,301	80,289
<b>TOTAL EQUITY</b>	166,668	179,656
<b>LIABILITIES</b>		
<b>Non current liabilities</b>		
Provisions	134	362
	134	362
<b>Current Liabilities</b>		
Trade and non-payables	707	687
Revolving credit	6,006	5,772
Provisions	36,129	35,115
Amount due to director	95	-
Tax payable	3	4
<b>TOTAL LIABILITIES</b>	<u>42,940</u>	<u>41,578</u>
	43,074	41,940
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>209,742</u>	<u>221,596</u>
Net Assets Per Share (RM) based on 75,000,000 Ordinary Shares	2.22	2.40

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 30 June 2018)*

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 31.12.18 RM'000	Comparative Qtr Ended 31.12.17 (Restated) RM'000	Current Year-To-Date 31.12.18 RM'000	Preceding Year-To-Date 31.12.17 (Restated) RM'000
Revenue	-	-	-	-
Other income/(loss)	(2,375)	(211)	(3,065)	(643)
Administrative expenses	(932)	(1,108)	(1,661)	(1,861)
Other operating expenses	<u>(381)</u>	<u>-</u>	<u>(762)</u>	<u>-</u>
<b>Loss before tax</b>	<b>(3,688)</b>	<b>(1,319)</b>	<b>(5,488)</b>	<b>(2,504)</b>
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	<b><u>(3,688)</u></b>	<b><u>(1,319)</u></b>	<b><u>(5,488)</u></b>	<b><u>(2,504)</u></b>
<b>Attributable to:</b>				
Equity holders of the parent	<u>(3,688)</u>	<u>(1,319)</u>	<u>(5,488)</u>	<u>(2,504)</u>
Loss per share (sen)				
-Basic	(4.92)	(1.76)	(7.32)	(3.34)
-Diluted	N/A	N/A	N/A	N/A

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 30 June 2018)*

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	Share capital* RM'000	Retained earnings RM'000	Total RM'000
<b>6 months ended 31 December 2018</b>			
As at 1 July 2018	99,367	80,289	179,656
<b>Comprehensive income</b>			
Loss for the period	-	(5,488)	(5,488)
	99,367	74,801	174,168
<b>Dividend paid</b>			
	-	(7,500)	(7,500)
<b>As at 31 December 2018</b>	<b>99,367</b>	<b>67,301</b>	<b>166,668</b>

**6 months  
ended 31 December 2017**

As at 1 July 2017	99,367	83,700	183,067
<b>Comprehensive income</b>			
Loss for the period	-	(2,504)	(2,504)
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>(2,504)</b>	<b>(2,504)</b>
<b>As at 31 December 2017</b>	<b>99,367</b>	<b>81,196</b>	<b>180,563</b>

\* The new Companies Act 2016("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM24,366,592.62 for purpose as at out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 30 June 2018)

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	<b>6 months ended 31.12.18 RM'000</b>	<b>6 months ended 31.12.17 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	(5,488)	(2,504)
Adjustments for:		
Non-cash items	6,201	2,649
Distribution income from short term cash investments	(1,420)	(1,440)
Dividend income	(86)	(305)
Interest income	(217)	(85)
Interest expense	25	1
<i>Operating loss before working capital changes</i>	(985)	(1,684)
Changes in working capital		
Net change in current assets	1	502
Net change in current liabilities	20	59
<i>Cash used in operations</i>	(964)	(1,123)
Utilisation of provision	(20)	(471)
Tax refund	7	-
Tax paid	(3)	(3)
<i>Net cash used in operating activities</i>	(980)	(1,597)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distribution income from short term cash investments	1,420	1,440
Dividend received	86	305
Interest received	217	85
Proceeds from disposal of:		
Financial assets at fair value through profit or loss(quoted shares)	312	765
Short term cash investments (unit trust)	79,636	38,108
Property, plant and equipment	32	-
Other investment		2,450
Purchase of:		
Financial assets at fair value through profit or loss(quoted shares)	(2,902)	(620)
Short term cash investments (unit trust)	(70,019)	(30,066)
Investment properties	(127)	(9,850)
<i>Net cash from investing activities</i>	8,655	2,617
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Revolving credit	-	5,727
Dividend paid	(7,500)	-
Interest paid	(35)	-
Advance from director	95	-
	(7,440)	5,727
Net increase in cash and cash equivalents	235	6,747
Cash and cash equivalents at beginning of the period	7,103	358
Cash and cash equivalents at end of the period	7,338	7,105
<b>Cash and cash equivalents comprise of:-</b>		
Fixed deposits/short term placement	6,999	6,737
Cash and bank balances	339	368
	7,338	7,105

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 30 June 2018)*

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**PART A - EXPLANATORY NOTES AS REQUIRED BY MFRS 134**

**A1 Basis of Preparation**

The consolidated interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting* in Malaysia and Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad. It should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 30 June 2018.

The significant accounting policies and method of computation adopted in these quarterly interim financial reports are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2018 except for the changes arising from the adoption of the new MFRS, Amendments to MFRS and IC Interpretations that are effective on or after 1 July 2018.

The Directors expect that the adoption of the new MFRS, Amendments to MFRS and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

**A2 Seasonal or Cyclical Factor**

The Group holds some quoted shares as part of its investment portfolio, as such the Group’s performance is also affected by market conditions in the local bourse.

**A3 Unusual Items Affecting Financial Statements**

In light of the latest Kuala Lumpur High Court (KLHC) decision on Suit 145 and Suit 326 (for details please refer to Note B9(B) & (C)), the Board had decided, pending the outcome of the appeal to the appellate courts, to derecognise the plantation and mill in the Company’s books and all necessary provisions made accordingly. No further adverse impact to the financial position of the Company is expected even if the Group is not successful in getting the appellate courts to reverse the KLHC decision.

**A4 Change in Estimates**

There was no change in estimates of the amount reported in the prior financial period, which may have a material effect in the current quarter or financial period-to-date.

**A5 Issuance, Repurchase and Repayment of Debt and Equity Securities**

There have been no issuance, repurchase and repayment of debt and equity securities during the current quarter and financial period to-date.

**A6 Dividend Paid**

There was an interim dividend of 10sen declared in the previous financial quarter and paid during the current financial quarter.

**A7 Segmental Information**

Segmental information was not applicable to the Group’s current operations.

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**A8 Valuations of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

**A9 Subsequent Material Events**

There were no other material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

**A10 Changes in the Composition of the Group**

Reference is made to Note B9. Pending the final outcome of the Courts hearing mentioned therein, it is deemed that there was no significant change in the business combinations or disposal of subsidiaries, long-term investments, restructurings and discontinuing operations during the current quarter and financial year-to-date.

**A11 Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets to be disclosed.

**A12 Capital Commitments**

There were no capital commitments for the current quarter and for financial year-to-date.

**A13 Significant Related Party Transactions**

There were no significant related party transactions for the current quarter under review.

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

**B1 Performance Analysis**

For the quarter ended 31 December 2018, the Group recorded a pre-tax loss of RM3.69 million compared to a pre-tax loss of RM1.32 million in the corresponding quarter of preceding year. The difference was due mainly to higher fair value loss of RM3.47 million for quoted shares held as compared with RM1.58 million in the corresponding quarter of preceding year and provision on post judgment interest.

For the financial period ended 31 December 2018, the pre-tax loss was RM5.49 million compared to RM2.50 million in the same period of preceding year. The higher loss was due mainly to higher fair value loss of RM5.10 million on quoted shares held compared to RM3.06 million in the same period of preceding year coupled with provision on post judgment .

**B2 Changes in Profit in the Quarterly Results compared to the Results of the Immediate Preceding Quarter**

The Group recorded a pre-tax loss of RM3.69 million in the current quarter compared with pre-tax loss of RM1.80 million in the immediate preceding quarter. The difference was due mainly to the nett result of a higher fair value loss of RM3.47 million on quoted shares held as compared with RM1.62 million in the immediate preceding quarter.

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**B3 Prospects for the Year**

In light of the ongoing legal suit involving the plantation land and the mill (please refer Note B9), prospects for the Group are not expected to change significantly in the immediate future.

In the worst-case scenario, should the earlier decision of the Courts be carried through to completion, the Company may fall under the ambit of Chapter 8.03(A) of Bursa's Listing Requirements due to insignificant business level.

Nevertheless, the Company has and will continue to look for good business opportunities.

**B4 Board's Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document**

This note is not applicable as no revenue or profit estimate, forecast, projection or internal targets were announced previously.

**B5 Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee**

This note is not applicable as no profit forecast or profit guarantee was issued for the financial period.

**B6 Taxation**

There was no provision of tax expense for the current quarter under review.

**B7 Status of Corporate Proposals**

There were no corporate proposals announced for the current quarter under review.

**B8 Borrowings**

	Foreign currency JPY'000
Revolving Credit	
Secured by local fixed deposit: Foreign currency drawdown in yen	158,028

**B9 Material Litigation**

As at 15 February 2019, saved as disclosed below, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

**(A)**

**In the Ipoh High Court Civil Suit No. 22-109-2007**

**In the Court of Appeal Civil Appeal No. A-02-1449-2011**

**In the Federal Court Civil Appeal No. 02(f)-69-10/2012(A)**

**In the Court of Appeal Civil Appeal Nos. A-02(IM)-417-03/2015 & A-02(IM)-418-03/2015**

**In the Federal Court Civil Application Nos: 08(i)-467-10/2015(A) & 08(i)-469-10/2015(A)**

**Yong Toi Mee & Anor v Malpac Capital Sdn Bhd and Radiant Response Sdn Bhd**

1. Malpac Capital Sdn Bhd (MCSB), a wholly owned subsidiary of the Company, had on 2 January 2002 accepted an offer by the Special Administrators of Ganda Plantations (Perak) Sdn Bhd and Cempaka Sepakat Sdn Bhd (SA), to take a transfer of two (2) parcels of

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leasehold oil palm plantation land situated in Teluk Intan, Perak, as partial settlement of loan owed to MCSB.

2. MCSB had novated the rights of the plantation lands to its wholly owned subsidiary, Radiant Response Sdn Bhd ("RRSB") for a consideration of RM30,600,000 to be satisfied via a shareholder's loan of an equivalent amount.
3. MCSB had on 5 April 2002 entered into Conditional Sale and Purchase Agreements ("2002 Agreements") for disposal of, inter alia, RRSB comprising 2 shares for a consideration of RM2.00 to Yong Toi Mee and Cheang Kim Leong ("Purchasers") and the repayment by the Purchasers of the shareholder's loan of RRSB of RM30,600,000 (Original Proposed Disposal of RRSB), as part of a composite transaction encompassing a palm oil mill (owned by a third party then) sited on part of the plantation for a total consideration of RM53,000,002.
4. On 20 June 2002, the Company obtained its shareholders' approval for the Original Proposed Disposal of RRSB.
5. On 15 November 2002, a Subsequent Letter Agreement was executed by both parties recognizing the Agreements had lapsed as not all approvals from the relevant authorities had been obtained and also negotiations to acquire the palm oil mill sited on the subject plantation had not been successful.
6. On 5 August 2003, the two (2) parcels of plantation lands in Teluk Intan were transferred to RRSB (acting as nominee for MCSB) at a transfer price of RM47.398 million (after a revaluation was done at the request of the Securities Commission).
7. On 28 April 2004, an oil palm mill was bought and injected into RRSB (as a nominee of MCSB).
8. On 4 February 2005, the paid up capital of RRSB was raised to RM100,000 through the issuance of 99,998 new shares of RM1.00 each.
9. On 21 April 2007, the Purchasers filed a writ of summons and statement of claim against MCSB and RRSB seeking for specific performance of the 2002 Agreements.
10. On 5 May 2011, the Ipoh High Court delivered an oral judgment in favour of the Purchasers and ordered specific performance of the 2002 Agreements whereby MCSB and RRSB were required to complete the sale within three (3) months from the date of receipt of the balance purchase price.
11. Effective 1 July 2011, MCSB had to suspend recognition of income from the oil palm plantation and palm oil mill since the Purchasers refused to make the monthly rental incomes due to us following the Ipoh High Court's decision given in their favour.
12. On 17 January 2012, the Court of Appeal made a unanimous decision in favour of MCSB and RRSB, i.e. the Ipoh High Court's decision allowing for specific performance of the 2002 Agreements was overturned, and at the same time remitting MCSB's counter claim back to the High Court for a decision.



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13. No plantation income had been received from the Purchasers despite demand from MCSB following the Court of Appeal's decision.
14. On 4 September 2013, the Federal Court allowed the Purchasers' appeal, set aside the decision of Court of Appeal and affirmed the decision of Ipoh High Court.
15. On 4 March 2014, the Federal Court dismissed the application of MCSB and RRSB for a judicial review of its earlier decision.
16. The Board, subsequent to the Federal Court decisions and after seeking legal advice, resolved that the shareholders' approval obtained in June 2002 was inadequate for the purpose of complying with the Ipoh High Court Order, due to various events and developments that took place subsequent to the passing of the June 2002 shareholder resolution, details of which are as follows:-
  - i) on 5 August 2003, the plantation lands were transferred to RRSB pursuant to the revised terms of the Workout Proposal at the higher sale/transfer consideration of RM47.398 million which would then give rise to RRSB owing MCSB an amount equivalent to the higher sale/transfer consideration of RM47.398 million (and not RM30.6 million as earlier envisaged);
  - ii) on 28 April 2004, following a tender exercise and further direct negotiations, the palm oil mill was sold to RRSB (as a nominee of MCSB) by the liquidators of Ganda Edible Oil Sdn Bhd for a cash consideration of approximately RM2.2 million; and
  - iii) on 4 February 2005, the issued and paid-up share capital of RRSB was increased from RM2.00 comprising 2 RRSB Shares to RM100,000 comprising 100,000 RRSB shares to comply with Malaysian Palm Oil Board rule on the minimum paid-up capital requirement to apply for an oil mill license.
17. The Board hence resolved to convene an Extraordinary General Meeting ("EGM") to seek shareholders' approval essentially for the disposal of the palm oil mill and the 99,998 new RRSB shares which were not covered by the June 2002 shareholder resolution to comply with the requirements under Section 132C of the Companies Act 1965 and Chapter 10 of the Listing Requirements("LR") of Bursa Malaysia Securities Bhd. The abovementioned subsequent events are considered as material variations and thus Section 8.22 of the LR which also requires the variations to be approved at a fresh EGM. Section 2 is also relevant whereby all listed issuers are required to comply with the LR both in form and spirit. The Notice of the EGM was sent out on 8 July 2014.
18. The EGM was held on 31 July 2014 and 99.96% of the shareholders who were present and who had voted, rejected the proposal to dispose of RRSB including the plantation and mill for an aggregate disposal consideration of RM53.1 million.
19. Meanwhile MCSB and RRSB on 3 July 2014 were served with a sealed copy of an Application by the Purchasers for Supplementary Orders from the Ipoh High Court for the

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completion of the sale of the plantation lands and the palm oil mill pursuant to the Ipoh High Court Order dated 5 May 2011.

20. Notwithstanding that the shareholders rejected the sale of RRSB in the 2014 EGM and the implications of Section 132C of the Companies Act, 1965, the High Court on 17 February 2015 allowed the Purchasers' application for supplementary orders (Enclosure 62) and declined and dismissed our cross application (Enclosure 69). The High Court also on 22 April 2015 dismissed our application for a stay of execution.
21. On 15 September 2015, the Court of Appeal dismissed the appeals of MCSB and RRSB against the Ipoh High Court's decision.
22. Our Solicitors have filed applications to the Federal Court for leave to appeal against the Court of Appeal's decision. On 13 February 2017, the Federal Court dismissed our applications for leave to appeal against the Court of Appeal's decision.
23. As all legal avenues have been exhausted, Suit 109 has come to a close and the Board with regret accepts the Court decision on this matter, but the outcome of the appeals under (B) and (C) has relevance.

**(B)**

**Kuala Lumpur High Court Suit No. WA-22NCC-145-04/2016 ("Suit 145")**

**Court of Appeal Civil Appeal No. W-02(NCC)(W)-965-05/2017**

**Plaintiff : Malpac Holdings Berhad ("MHB")/("Plaintiff") VS**

**Defendants : 1) Malpac Capital Sdn Bhd ("MCSB")/("1<sup>st</sup> Defendant")**

**2) Yong Toi Mee (2<sup>nd</sup> Defendant)**

**3) Cheang Kim Leong (3<sup>rd</sup> Defendant)**

**4) Radiant Response Sdn Bhd ("RRSB")/("4<sup>th</sup> Defendant")**

1. On 15 April 2016, MHB filed a civil suit at KL High Court against the 4 Defendants seeking the following declaration and/or orders:-
  - a) A declaration that the resolution of the Plaintiff's shareholders dated 20.6.2002 for, inter alia, the Proposed Disposal of 2 RRSB shares comprising 2 ordinary shares of RM1.00 each in RRSB held by the 1<sup>st</sup> Defendant to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants ("Purchasers") and the repayment by the Purchasers of the Shareholders' Loan of RM30.6 million ("the 2002 Plaintiff's Shareholders' Resolution") has lapsed and is of no further legal effect;
  - b) Alternatively, a declaration that the Sale and Purchase Agreement between the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Defendants dated 5.4.2002 and the 2002 Plaintiff's Shareholders' Resolution does not cover or apply to the increase of 99,998 new ordinary shares of RM1.00 each in the 4<sup>th</sup> Defendant dated 4.02.2005 ("Impugned Shares") and the oil palm mill and plant and machines situated on HS(D) 13127 Lot No. 11644, Mukim Durian Sebatang, Daerah Hilir Perak ("the Mill");
  - c) A declaration that the 1<sup>st</sup> Defendant has no lawful authority to dispose of or transfer the Impugned Shares and the Mill to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants or their nominees;

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- d) A declaration that any transfer of the Impugned Shares and the Mill by MCSB to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants shall be in contravention of section 132C of the Companies Act 1965 and accordingly null and void;
  - e) Alternatively, in the event the 1<sup>st</sup> Defendant is liable to transfer the Impugned Shares and the Mill to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants notwithstanding section 132C of the Companies Act 1965, a declaration that the Plaintiff and its directors shall be relieved of any liability whatsoever under section 132C of the Companies Act 1965 and/or at law arising or incurred in respect of or attributable to such transfer;
  - f) An order that the 1<sup>st</sup> Defendant is restrained from transferring and delivering to the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants the legal and beneficial ownership of the Impugned Shares and the Mill;
  - g) An order that the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants are restrained from receiving the transfer of the legal and beneficial ownership of the Impugned Shares and the Mill;
  - h) A declaration that the appointment of the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants as directors of the 4<sup>th</sup> Defendant is null and void;
  - i) A declaration that all acts purportedly done by the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants as directors of the 4<sup>th</sup> Defendant prior to the date of this Judgment are null and void;
  - j) An order that the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants be removed and restrained from acting as directors of the 4<sup>th</sup> Defendant;
  - k) An order that the Plaintiff shall be at liberty to apply;
  - l) Costs; and
  - m) Such further order and /or relief as this Honourable Court deems fit and proper.
2. On 30 August 2016, our solicitors were served with an unsealed Notice of Application pursuant to Order 33 of the Rules of Court 2012, essentially asking the Court to determine the matter based on the issues of *res judicata*, estoppel etc without the need for trial. The High Court had on 20 September 2016 dismissed the Order 33 Application.
3. On 11 April 2017, the High Court dismissed the Company's claim with costs.

The High Court in its summary of grounds of decision expressed the view that the Sale and Purchase Agreement between the 1st Defendant MCSB and the 2nd and 3rd Defendants Yong Toi Mee and Cheang Kim Leong ("the Purchasers") dated 5.4.2002 was for the sale of the entire paid-up capital of the 4th Defendant RRSB, regardless of the subsequent increase in the paid-up capital of RRSB.

The High Court further observed that although the Company as a public-listed company has the legal standing to seek redress based on section 132C of the Companies Act 1965 in respect of a disposal by its subsidiary of a substantial portion of the company's undertaking or property, the High Court expressed the view that in the present case the

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issue of section 132C of the Companies Act 1965 had been determined by the courts in Ipoh High Court Suit No. 22-109-2007 during the Purchasers' application for supplementary orders and MCSB's cross-application to determine threshold legal issues therein, and therefore the Company was prevented from raising the same issue in the present case.

4. After due consultation with our solicitors and deliberations, the Board had on 9 May 2017 filed an appeal to the Court of Appeal against the High Court decision dated 11 April 2017.
5. The Court of Appeal has approved the motion to consolidate this appeal together with the Suit 326 appeal (please see sub-section C below) and has re-fixed all the appeals under Suit 145 and Suit 326 for hearing on 4<sup>th</sup> and 5<sup>th</sup> March 2019.

**Background Facts**

1. In April 2002, MCSB entered into a conditional shares sales agreement ("SPA") with 2<sup>nd</sup> and 3<sup>rd</sup> Defendants to dispose of two (2) shares representing 100% of RRSB's paid-up capital ("Proposed Disposal") at that material time.
2. In June 2002, MHB shareholders' approval was obtained, among others, for the Proposed Disposal for the said two (2) shares only ("Original Shareholders' Approval"), with the two (2) plantation lands in Teluk Intan as the only assets to be injected into RRSB for onward sale at that point in time.
3. In April 2004, an oil palm mill was bought and injected into RRSB (as nominee of MCSB).
4. In February 2005, more than two years after the SPA and the Original Shareholders' Approval, 99,998 new ordinary shares of RM1.00 each were issued by RRSB to the knowledge of 2<sup>nd</sup> and 3<sup>rd</sup> Defendants whereby they were formally informed that MCSB did not undertake to dispose of the newly issued shares to them and that the new capitalization "will have to be considered and dealt with in the discussions going forward" (there were ongoing negotiations between MCSB and 2<sup>nd</sup>/3<sup>rd</sup> Defendants then).
5. The Proposed Disposal however was not completed within the stipulated time frame due to non completion of conditions precedent. The 2<sup>nd</sup> and 3<sup>rd</sup> Defendants subsequently filed a suit against MCSB for specific performance to complete the Proposed Disposal in 2007. For more details of the said suit, please refer to part A of this Note B9.
6. By reason of section 132C(1B) of the Companies Act 1965, the disposal consideration for inter alia the 99,998 shares in RRSB and the Mill amount to a disposal of property of a substantial portion as it exceeds 25% of the net assets of MHB. For completeness, see also Section 10.07 of the Listing Requirements of Bursa Malaysia.
7. By a circular dated 8 July 2014, MHB gave its shareholders notice of an Extraordinary General Meeting ("EGM") on 31 July 2014 to obtain shareholder approval for, inter alia, the Proposed Disposal of 99,998 shares in RRSB and the Mill by MCSB to the Purchasers ("the Proposed Resolution").

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8. During the EGM held on 31 July 2014, the Proposed Resolution was not carried. The Proposed Resolution was voted by poll by the shareholders at the EGM and the results of the poll were as follows:-
- Total number of votes in favour of the Resolution : 7,200 (0.04%)
  - Total number of votes against the Resolution : 19,762,700 (99.96%)
9. Accordingly, no shareholder approval has been given for the disposal of the 99,998 shares in RRSB and the Mill by MCSB to the Purchasers.
10. As a result of the EGM dated 31 July 2014, MHB is now placed in a precarious position whereby:-
- (i) on the one hand, the Purchasers are seeking to compel MCSB to comply with the judgment of the High Court dated 5 May 2011 and the order of the High Court dated 13 April 2015; but
  - (ii) on the other hand, MHB and MCSB have not been granted shareholders' approval to dispose and transfer the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers. To dispose of the 99,998 shares and the Mill in such circumstances would amount to a contravention of section 132C of the Companies Act 1965, thereby exposing MHB and/or its directors to potential civil and/or criminal liability.
11. The EGM in which the Proposed Resolution was rejected by the shareholders of MHB was held on 31 July 2014, which was subsequent to the conclusion of the court proceedings between the parties in respect of the validity of the SPA.
12. MHB has been advised by its solicitors that:-
- (i) MHB is not seeking to challenge or relitigate issues raised in the original civil suit relating to the validity of the SPA and whether specific performance should be ordered;
  - (ii) Even on the basis that the SPA was valid, it is no longer possible to effect the disposal or transfer of the 99,998 shares and the Mill by reason of the EGM held on 31 July 2014, wherein the Proposed Resolution was not carried by the shareholders of MHB, and
  - (iii) As there was no shareholder approval for, inter alia, the disposal of the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers, MCSB has no lawful authority or approval to transfer the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers, and accordingly the defendants ought to be restrained from giving effect to the Proposed Resolution.
13. MHB as a public listed company has a duty to comply with all relevant companies and securities legislation and is entitled to ventilate the issue of section 132C of the Companies Act 1965 before the courts as a matter of good corporate governance and in order to protect the interest of its shareholders.

***Quarterly Report for the Period Ended 31 December 2018***

**(C)**

**Kuala Lumpur High Court Saman No. WA-22NCVC-486-08-2016 (“Suit 486”)**

**Renumbered as WA-22NCC-326-09/2016 (“Suit 326”)**

**Court of Appeal Civil Appeal No. W-02(NCC)(W)-1286-07/2017 & 1285-07/2017**

**Plaintiffs : Yong Toi Mee & Cheang Kim Leong (“Purchasers”)VS**

**Defendants : Malpac Holdings Berhad (“MHB”), its Board of Directors,  
its Chief Executive Officer and Malpac Capital Sdn Bhd (“MCSB”)**

1. In response to Suit 145 above, the Purchasers filed a civil suit dated 4 August 2016 at KL High Court against the Defendants which was received by MHB and MCSB on 12 August 2016. In this suit, the Purchasers are suing against the Defendants purportedly based on:
  - (i) alleged abuse of process; and
  - (ii) alleged conspiracy to injure the Purchasers by lawful and unlawful means.
2. The Purchasers are claiming for special damages amounting to RM29,235,678.38, general damages and/or exemplary and aggravated damages to be assessed, interest at the rate of 5% per annum and cost.
3. Suit 486 had been transferred to the same Court handling Suit 145 and is renumbered as WA-22NCC-326-09/2016 (“Suit 326”). Suit 326 will be heard by the same Judge together with the counter claim recently filed by MCSB under Suit 326 claiming for unjust enrichment as well as to impeach and set aside the Ipoh High Court Order on Enclosures 62 and 69.
4. On 31 May 2017, the High Court dismissed MCSB’s counterclaim, allowed the Purchasers’ claim and awarded them the following:-
  1. Special damages of RM29,235,678.38;
  2. General damages of RM1,000,000.00;
  3. Exemplary damages of RM250,000.00; and
  4. Post-judgment interest at 5% per annum and costs.
5. The High Court in its summary of grounds of decision expressed the view that the filing of the Federal Court Review application and Enclosure 69 by MCSB in Ipoh High Court Suit No. 22-109-2007 and the filing of KL High Court Suit No. WA-22NCC-145-04/2016 by MHB amounted not only to the tort of abuse of process, but also the tort of conspiracy to injure.
6. After due consultation with our solicitors and deliberations, the Company and MCSB had filed appeals to the Court of Appeal against the High Court decision on 31 May 2017.
7. The Court of Appeal has approved the motion to consolidate this appeal together with the Suit 145 appeal and has re-fixed all the appeals under Suit 145 and Suit 326 for hearing 4<sup>th</sup> and 5<sup>th</sup> March 2019.

*Quarterly Report for the Period Ended 31 December 2018***B10 Dividend**

The Board of Directors does not recommend any interim dividend for the current quarter. The Company had paid out an interim dividend of 10 sen during the financial period to-date.

**B11 Loss Per Share (“LPS”)**

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31/12/18 RM'000	Comparative Quarter ended 31/12/17 RM'000	Year-To-Date ended 31/12/18 RM'000	Year-To-Date ended 31/12/17 RM'000
<u>a) Basic LPS</u>				
<u>Numerator</u>				
Loss for the financial period attributable to equity holders of the parent	(3,688)	(1,319)	(5,488)	(2,504)
<u>Denominator</u>				
Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic:(LPS) (sen)	(4.92)	(1.76)	(7.32)	(3.34)
<u>b) Diluted EPS</u>	Nil	Nil	Nil	Nil

The Company does not have any instrument that would dilute the Issued Share Capital of the Company.

**B12 Audit Qualification**

The audit report of the Company's preceding annual financial statements was not qualified.

**B13 Realised and Unrealised Profits and Losses Disclosure**

	Current quarter ended 31 Dec 2018 RM'000	Immediate preceding quarter ended 30 Sept 2018 RM'000	As at last financial period ended 31 Dec 2017 RM'000
Total retained profits of Malpac Holdings Bhd and its subsidiaries:			
- Realised	66,481	76,722	80,191
- Unrealised profits	458	1,406	670
- Add : Consolidation adjustment	<u>362</u>	<u>362</u>	<u>335</u>
Total group retained profits as per consolidated accounts	<u>67,301</u>	<u>78,490</u>	<u>81,196</u>

Total share of retained profits/(accumulated losses) from associated companies and jointly controlled entities are not applicable.

*Quarterly Report for the Period Ended 31 December 2018***B14 Notes to Statement of Comprehensive income**

The following items have been included in the Statement of Comprehensive Income:-

	Current Quarter ended 31/12/18 RM'000	Comparative Quarter ended 31/12/17 RM'000	Year-to-date ended 31/12/18 RM'000	Year-to-date ended 31/12/17 RM'000
<u>After crediting</u>				
Interest income	148	84	217	85
Dividend income	26	40	86	305
Distribution income	941	740	1,420	1,440
Gain on disposal of quoted investment	193	287	193	281
Gain on disposal of unit trusts	66	-	69	-
Gain on disposal of PPE	-	-	32	-
Gain from termination of a JV agreement	-	450	-	450
Unrealised gain on foreign exchange	-	34	-	34
<u>After debiting</u>				
Depreciation	(96)	(65)	(189)	(114)
Fair value loss on quoted shares (non-current)	(2,283)	(1,103)	(3,397)	(1,952)
Fair value loss on quoted shares (current)	(1,192)	(487)	(1,702)	(1,106)
Fair value loss on unit trust	(435)	(285)	(157)	-
Interest expense on revolving credit	(15)	-	(24)	-
Provision for post-judgment interest and cost	(381)	-	(762)	-
Unrealised loss on foreign exchange	(210)	-	(244)	-

There are no income/expenses in relation to the below items:-

- (i) Provision for and write off of receivables
- (ii) Provision for and write off of inventories
- (iii) Impairment of assets
- (iv) Exceptional items

Date: 21 February 2019