

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 1 SEPTEMBER 2019 TO 31 AUGUST 2020**

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.8.2020	31.8.2019	31.8.2020	31.8.2019
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	2,263	1,415	5,888	6,901
Cost of sales	(2,784)	(2,000)	(8,797)	(9,248)
Gross profit/(loss)	<u>(521)</u>	<u>(585)</u>	<u>(2,909)</u>	<u>(2,347)</u>
Other income	8	9	37	329
Administrative expenses	(100)	(734)	(1,292)	(2,468)
Other expenses	(641)	(1,591)	(720)	(1,673)
Finance cost	(57)	(45)	(140)	(178)
Loss before tax	<u>(1,311)</u>	<u>(2,946)</u>	<u>(5,024)</u>	<u>(6,337)</u>
Tax expense	-	-	-	-
Loss for the period	<u>(1,311)</u>	<u>(2,946)</u>	<u>(5,024)</u>	<u>(6,337)</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	<u><u>(1,311)</u></u>	<u><u>(2,946)</u></u>	<u><u>(5,024)</u></u>	<u><u>(6,337)</u></u>
Total comprehensive loss attributable to:				
Owners of the Company	(1,311)	(2,946)	(5,024)	(6,337)
Non-controlling interests	-	-	-	-
	<u><u>(1,311)</u></u>	<u><u>(2,946)</u></u>	<u><u>(5,024)</u></u>	<u><u>(6,337)</u></u>
Basic loss per share (sen)	(0.30)	(0.69)	(1.17)	(1.57)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached this report.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 1 SEPTEMBER 2019 TO 31 AUGUST 2020**

(The figures have not been audited)

GROUP	Attributable to owners of the Company		Share option reserve RM'000	Accumulated losses RM'000	Total Total RM'000
	Share capital RM'000	Non-distributable			
As at 1 September 2019	112,063	-	54	(76,713)	35,404
Issuance of ordinary shares	381	-	-	-	381
Released upon surrender of options granted	-	-	(54)	54	-
	381	-	(54)	54	381
Loss for the period	-	-	-	(5,024)	(5,024)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(5,024)	(5,024)
As at 31 August 2020	112,444	-	-	(81,683)	30,761
As at 1 September 2018	107,863	17,467	54	(91,415)	33,969
Effects of MFRS convergence and adoption of MFRS 9 and MFRS 15	-	(17,467)	-	21,039	3,572
Restated	107,863	-	54	(70,376)	37,541
Issuance of shares	4,200	-	-	-	4,200
Waiver of amount due to previous minority interest	-	-	-	-	-
Loss for the period	-	-	-	(6,337)	(6,337)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,337)	(6,337)
As at 31 August 2019	112,063	-	54	(76,713)	35,404

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached to this report.)

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	As at 31.8.2020 (Unaudited) RM'000	As at 31.8.2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,724	32,158
Intangible asset	258	277
	<u>30,982</u>	<u>32,435</u>
Currents assets		
Inventories	3,668	5,469
Trade and other receivables	2,135	2,634
Deposits with licensed financial institutions	818	593
Cash and bank balances	229	1,369
	<u>6,850</u>	<u>10,065</u>
TOTAL ASSETS	<u><u>37,832</u></u>	<u><u>42,500</u></u>
EQUITY AND LIABILITIES		
Share capital	112,444	112,063
Share option reserve	-	54
Accumulated losses	(81,683)	(76,713)
Total Equity	<u>30,761</u>	<u>35,404</u>
Non-current liabilities		
Other payables	1,410	2,625
Obligation under finance lease	71	103
	<u>1,481</u>	<u>2,728</u>
Current liabilities		
Trade and other payables	5,219	2,628
Amount due to directors	339	1,708
Obligation under finance lease	32	32
	<u>5,590</u>	<u>4,368</u>
Total liabilities	<u>7,071</u>	<u>7,096</u>
TOTAL EQUITY AND LIABILITIES	<u><u>37,832</u></u>	<u><u>42,500</u></u>
Number of ordinary shares ('000)	431,478	427,253
Net asset per share (RM)	0.0713	0.0829

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompany explanatory notes attached to this report.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020**

	12 months ended	
	31.8.2020 (Unaudited) RM'000	31.8.2019 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(5,024)	(6,337)
Adjustment for non-cash flow: -		
Depreciation of property, plant and equipment	1,434	1,584
Amortisation of biological, intangible and other assets	19	9
Gain on disposal of property, plant and equipment	-	(188)
Impairment losses on other receivables	-	506
Impairment losses on property, plant and equipment	-	650
Interest income	(16)	(12)
Interest expense	140	178
Inventories written down	-	476
Net unrealised loss on foreign exc	-	5
Property, plant and equipment written off	-	71
Reversal on loss allowance for trade receivables	-	(48)
Operating loss before changes in working capital	<u>(3,447)</u>	<u>(3,106)</u>
Changes in working capital		
Changes in inventories	1,801	(204)
Changes in receivables	499	80
Changes in payables	1,376	(706)
Changes in amount due to directors	<u>(1,369)</u>	<u>(706)</u>
Cash flow used in operations	<u>(1,140)</u>	<u>(3,936)</u>
Interest received	16	12
Interest paid	<u>(133)</u>	<u>-</u>
Net cash flow used in operating activities	<u>(1,257)</u>	<u>(3,924)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(7)
Purchase of intangible asset	-	(1,600)
Proceeds from disposal of asset held for sale	-	28
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>1,088</u>
Net cash flow generated from investing activities	<u>-</u>	<u>(491)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on hire purchase	(7)	(7)
Repayment of hire purchase	(31)	(31)
Issuance of ordinary shares	381	4,200
Net cash flow generated from/(used in) financing activities	<u>343</u>	<u>4,162</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(914)	(253)
EFFECT OF FOREIGN EXCHANGE FLUCTUATION	-	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,882	2,140
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>968</u></u>	<u><u>1,882</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	229	1,369
Short term money market fund	739	513
Fixed deposit	79	79
	<u>1,047</u>	<u>1,961</u>
Less: fixed deposits pledged with licensed banks	<u>(79)</u>	<u>(79)</u>
	<u><u>968</u></u>	<u><u>1,882</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached to this report.)

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED
31 AUGUST 2020**

(The figures have not been audited)

1. SELECTED EXPLANATORY NOTES TO THE CONDENSED QUARTERLY REPORT

1.1 Basis of Preparation

The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Group for the financial year ended 31 August 2019 and the accompanying explanatory notes attached to these interim financial statements.

The audited financial statements of the Group for the year ended 31 August 2019 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The accounting policies and methods of computations used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2019, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2019 as issued by the Malaysian Accounting Standards Board, which does not have any significant impact on the financial statements of the Group.

1.2 Qualification of Audit Report of Preceding Financial Statements.

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 31 August 2019.

1.3 Seasonal or Cyclical Factors.

The Group's businesses were not affected by any seasonal or cyclical factors.

1.4 Unusual Items

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group in current quarter under review.

1.5 Material Changes in Estimates

There were no material changes in estimates amount that had a material effect for the current financial period under review.

1.6 Issuances and Repayment of Debt and Equity Securities

Save as disclosed below, there were no other issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial period under review

On 12 November 2019, the Company issued and allotted the final tranche of 4,225,300 Placement Shares at issued price of RM0.09 each to raised gross proceed of RM380,277.00.

1.7 Dividend Paid

There were no dividends paid in current quarter under review.

1.8 Segmental Reporting

a) Information about business segment

The Group is principally engaged in the manufacturing and trading of timber and timber related products, provision of logging services and plantation and land clearing.

12 months ended 31 August 2020

	Moulding & Timber RM'000	Investment & Others RM'000	Consolidated RM'000
Total revenue	5,888	-	5,888
Segment result - Loss for the period	(4,264)	(760)	(5,024)

12 months ended 31 August 2019

	Moulding & Timber RM'000	Investment & Others RM'000	Consolidated RM'000
Total revenue	6,901	-	6,901
Segment result - Loss for the period	(4,658)	(1,679)	(6,337)

b) Information about geographical segment

	Revenue	
	12 months ended 31.8.2020 RM'000	12 months ended 31.8.2019 RM'000
Malaysia	2,786	855
Asia Pacific	3,102	6,046
Total	5,888	6,901

1.9 Material Events Subsequent to the end of the Current Quarter

An announcement was made on 13 October 2010 that the Company proposes to undertake the following: -

- A private placement of up to 43,147,800 new ordinary shares in NWP representing up to 10% of the total number of issued shares in NWP (excluding treasury shares, if any) pursuant to the general mandate obtained from the Company's shareholders at an issue price to be determined later; and
- Reduction of the issued capital of NWP by RM92.00 million pursuant to Section 116 of the Companies Act 2016.

1.10 Changes in the Composition of the Group

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

1.11 Contingent Liabilities

There were no contingent liabilities as at the date of this announcement.

1.12 Capital Commitments

There were no capital commitments as at the date of this announcement.

2. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD

2.1 Review of Performance

The Group recorded a higher revenue of RM2.26 million for the current quarter ended 31 August 2020, an increase of RM0.84 million or 59.15%, as compared to RM1.42 million in the corresponding quarter ended 31 August 2019. The higher revenue in the current quarter under review was mainly due to the pent-up sales after the lifting of the Movement Control Order (MCO) which was imposed at the beginning of the Covid-19 pandemic, back in mid-March, by the Government of Malaysia.

The Group made a lower pre-tax loss of RM1.31 million for current quarter under review, an improvement of RM1.64 million or 55.59%, as compared to a pre-tax loss of RM2.95 million in the corresponding period.

2.2 Material Changes in the Quarterly Results Compared to the Immediate Preceding Quarter's Results

The Group posted a higher revenue of RM2.26 million for the current quarter under review, an increase of RM1.71 million or 311%, against RM0.55 million in the preceding quarter. As explained in 2.1 above, demand and delivery could not be met in the last quarter due to the imposition of MCO, which was necessary to halt or slow down the spread of the virus, had inadvertently disrupted business operations worldwide. Production and shipment of goods and raw materials had come to a halt or delayed due to the lockdown in the last quarter.

The Group posted a pre-tax loss of RM1.31 million, or an increased in pre-tax loss of RM0.35 million or 36.46%, as compared to the preceding quarter pre-tax loss of RM0.96 million. The higher pre-tax loss for current quarter under review was due to the additional professional fees paid upon completion of the share placement exercise.

2.3 Prospect for the Next Quarter

Whilst the Group will continue to focus on its core business activities with concerted efforts to manage cost and production efficiency, much will depend on how the pandemic will further develop and its effect on the global economy. The worsening trade wars between China and the US is not helping matters either.

The Group expect competition for raw materials and sales will be even more intense and can only hope for a speedier recovery from the pandemic and a thawing of the trade wars. If the current situation is prolonged, we can only expect our sales, profitability and cash flow to further deteriorate.

2.3 Prospect for the Next Quarter (Continue)

As stated in 1.9 above, the company had proposed a Private Placement of shares and Share Capital Reduction as a proactive measure to soften the impact from the crisis.

2.4 Variance of Actual Profit from Forecast Profit / Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and shortfall in profit guarantee are not applicable as no profit guarantee were given.

2.5 Taxation

No taxation was provided for the period as the subsidiaries have available sufficient unutilized tax losses, unabsorbed capital allowances & reinvestment allowances to set off against any taxable profit.

2.6 Sale of Unquoted Investment and/or Properties.

There were no disposal of unquoted investment and property during the quarter under review.

2.7 Purchases or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities during the quarter under review.

2.8 Status of Corporate Proposals

- a) On 23 April 2019, the Board announced that NWP Holdings Berhad ("the Company" or "NWP") entered into a Memorandum of Agreement ("MOA") with Henan Dazhi Papermaking Equipment & Engineering Co., Ltd ("Henan Dazhi") for the purpose to explore and set forth the current intention of both parties with respect to the proposed development and operations of pulp mill located at Sabah, Malaysia.

Pursuant to the MOA, Henan Dazhi shall provide a turnkey project to supply engineering, procurement, construction and commissioning of pulp mill ("EPCC Pulp and Paper Mill") with annual production of up to 100,000 metric tons to be constructed in Sabah, Malaysia and transfer the technology and "know-how" to NWP to jointly undertake and provision of EPCC Pulp and Paper Mill subject to a due diligence review of costs and other relevant documentations.

There is no further progress at this juncture.

- b) On 23 April 2019, the Board announced that the Company had entered into a Memorandum of Agreement ("MOA") with Henan Jianghe Paper Co., Ltd ("Henan Jianghe") for the purpose to explore and set forth the current intention of both parties with respect to a potential purchase contract whereby Henan Jianghe would purchase as off-taker of the pulp from NWP.

Pursuant to the MOA, Henan Jianghe desire to purchase 100,000 metric tonnes of bleached hardwood pulp annually produced by NWP's pulp mill to be constructed at Sabah, subject to the terms and conditions of the final purchase agreement. This MOA shall not constitute a binding obligation on the parties to enter into a Purchase Agreement. Neither party shall be finally bound to buy or sell Goods unless and until the Purchase Agreement is executed by the parties and delivered to each other. There is no further progress at this juncture.

2.8 Status of Corporate Proposals (Continue)

- c) On 11 April 2019, NWP proposed to undertake a private placement of new ordinary shares up to 10% of the total number of issued shares in the Company. Bursa Malaysia Securities Berhad (Bursa Securities) had vide its letter dated 23 April 2019, resolved to approve the listing and quotation of up to 39,424,000 new NWP shares ("Placement Shares") to be issued pursuant to the Proposed Private Placement.

On 24 April 2019, the Board fixed the issue price for 39,225,300 Placement Shares at RM0.12 each. As at the date of this announcement, payment for 35,000,000 Placement Shares were received and the Board shall re-fix the issue price for the remaining 4,225,300 Placement Shares in due course.

On 17 October 2019, NWP submitted application to Bursa Securities for an extension of time of 6 months (i.e. from 23 October 2019 until 22 April 2020) for NWP to complete the implementation of the Private Placement. Bursa Securities had vide its letter dated 24 October 2019 approved the extension of time until 22 April 2020 to complete the Private Placement.

On 7 November 2019, the Board fixed the issue price for final tranche 4,225,300 Placement Shares at RM0.09 each to raised gross proceed of RM380,277.00. The final tranche of Placement Shares was listed on Bursa Securities on 13 November 2019 hence the private placement exercise was deemed completed on the even date.

The status of utilization of proceeds raised from the abovementioned Placement Shares were as follows:

Details of Utilization	Estimated ⁽¹⁾ Proceeds from and Proposed Utilization of Private Placement	Actual ⁽²⁾ Proceeds from and Proposed Utilization of Private Placement	Estimated Timeframe of Utilization after completion	Utilization as at 31 August 2020
	RM'000	RM'000		RM'000
Performance bond payment to Borneo Resources	2,500	2,500	Within 6 months	1,600
Staff costs and administrative expenses (working capital)	448	1,890	Within 6 months	1,890 (Fully utilized)
Expenses in relation to the Proposed Private Placement	190	190	Within 2 weeks	190 (Fully utilized)
Total	3,138	4,580		3,680

Note (1) : The estimated proceeds from and proposed utilization of Private Placement is based on minimum scenario of the Proposed Private Placement as the Outstanding SIS Options have been surrendered.

Note (2) : The actual proceeds is based on payment of 39,225,300 Placement Shares received.

2.8 Status of Corporate Proposals (Continue)

- d) On 19 September 2019, the Board announced that the Board has accepted the offer to surrender the unexercised Share Issuance Scheme ("SIS") Options ("Outstanding SIS Options") from Mak Hon Leong. The Outstanding SIS Options were 1,987,000 SIS Option shares. The surrendered portion shall be included as part of ungranted options, the granting of which will be determined by the SIS Option Committee of the Company.

2.9 Borrowings and Debt Securities

The Group borrowings as at 31 August 2020 are as follow:

	Short term (RM' 000)	Long Term (RM' 000)	Total (RM'000)
Obligation under finance lease	32	71	103

2.10 Off Balance Sheet Financial Instruments

The Group has not entered into any forward foreign exchange control maturing within 6 months to hedge its trade transactions. The Group also has no off-balance sheet financial instrument exposure as at the date of this quarter report.

2.11 Related Party Transactions

This relates to interest accrued to a company in which a director has a financial interest in it.

2.12 Material Litigation

- a) NWP Holdings Berhad & NWP Builder ("Plaintiffs") -vs- Dato' Zhang Li ("First Defendant"); Dato Sri' The Chee Teong ("Second Defendant"); and Dato Sri' Kee Soon Ling ("Third Defendant")

On 20 June 2019, the Board announced that NWP together with its wholly owned subsidiary, NWP Builder Sdn Bhd (the "Plaintiffs") had served a Writ of Summons and Statement of Claim to Dato' Zhang Li (the "Defendant"). The Defendant was the previous Executive Director of NWP from 6 May 2016 to 12 February 2018. On 5 December 2019, both the Writ of Summons and Statement of Claim were amended to add Dato Sri' Teh Chee Teong as Second Defendant. Further on 6 March 2020, both the Writ of Summons and Statement of Claim were amended to add Dato Sri' Kee Soon Ling as Third Defendant. The Reamended Writ of Summons and Statement of Claim were served on the respective Defendants' Solicitors on 12/3/2020.

The Plaintiffs alleged that the Defendants owes a duty of loyalty and fidelity to the Plaintiffs which duty obliges the Defendants to act in good faith and in the best interest of Plaintiffs and the Defendants owe the Plaintiffs fiduciary duties and/or a general duty of care.

Further, the Defendants owed obligations under the Companies Act 1965 and/or 2016 and under common law and equity, including the duty to exercise reasonable care, to act honestly and use reasonable diligence in the discharge of duties.

The matter now fixed for further case management on 30 July 2020 at Kuala Lumpur High Court for pre-trial case management and fixed for trial on 26, 27 and 28 August 2020.

2.12 Material Litigation (continue)

During the second day of the trial on 27 August 2020, the counsel for Dato' Zhang Li suffered a medical condition and applied to the Court for an adjournment of the trial. The Court adjourned the trial to be 1 March 2021 to 4 March 2021.

b) Dato' Zhang Li (Plaintiff) -vs- 1) NWP Holdings 2) Wong See Ming & 3) Dato Sri Kee Soon Ling (Defendants)

On 30 April 2019, Dato' Zhang Li ("ZL") served an amended Writ of Summons and Statement of Claim to NWP, Wong See Ming ("WSM") and Dato' Sri Kee Soon Ling ("KSL"). ZL was previous Executive Director of NWP from 6 May 2016 to 12 February 2018.

ZL alleged that NWP has failed to pay 3 months Director's Fee in the sum of RM60,000. ZL further alleged that NWP, WSM and KSL had committed fraud against ZL by failing or refusing to pay ZL the said Director's Fee as the Director's Fee was approved by the Company's Board in the Company's Annual General Meeting. ZL is claiming for the sum of RM60,000.00 being her director's fees, general damages, exemplary damages in the sum of RM2,000,000.00 and/or to be assessed, an order for this suit to be announced with Bursa Securities Kuala Lumpur, interest at 5% per annum from date of judgment until full settlement and costs.

On 18.5.2020, NWP has filed their defense and counter-claim denying ZL's claim and counter-claiming against ZL for the sum of RM360,000-00 being director's fee wrongfully paid to ZL from 1.8.2016 to 27.11.2017

KSL has filed an application to strike out ZL's claim and the said application for striking out is fixed for hearing on 28.9.2020.

On 12 October 2020, the Company has entered into Consent Judgment with ZL agreeing to pay to ZL's solicitors as stakeholder the sum of RM60,000.00 and costs in the sum of RM18,000.00 pending the Company taking steps to regularize of the Company internal affairs by securing all necessary and/or required approval for purpose of remunerating ZL of her director's fees before 31.12.2020. In the event the Company failed to take step to regularize of the Company internal affairs by securing all necessary and/or required approval for purpose of remunerating ZL of her director's fees before 31.12.2020, ZL may apply to Court for judgement to be entered. Both ZL's action and the Company's counter claim are withdrawn with no liberty to file afresh upon payment of RM60,000.00 and costs of RM18,000.00 to ZL's solicitors.

c) NWP Builder Sdn Bhd -vs- Listari Marina

On 7 November 2016, the Board announced that a Turnkey Construction Agreement ("TCA") has been entered into between Listari Marina (MM2H) Sdn Bhd ("LMSB") and NWP Builder Sdn Bhd ("NWPBu") for a total contract sum of RM22 million for the construction of 9-storey tower block with 160 units of service suites on HS(D) 70398 PT 497 Pekan Klebang, Sek 11, Daerah Melaka Tengah, Melaka.

Despite sufficient time was given to LMSB to hand over the project site to NWPBu in order for NWPBu to perform its role as Turnkey Contractor, LMSB has continuously failed, neglected and/or unfulfilled its obligation.

Due to alleged failure and breach of TCA by LMSB, NWPBu is seeking refund of Advance (RM6.5 million) made under TCA. NWPBu had served a sealed Writ of Summons together

2.12 Material Litigation (continue)

with Statement of Claim both dated 5 November 2018, through its solicitors, Messrs. Weng Seng & Co, on LMSB. This event was announced to Bursa on 7 November 2018.

On 18 December 2018, the Board announced that NWPBu had received Statement of Defense and Counter-Claim from LMSB. The Company has given instruction to its solicitor to in no uncertain terms to enforce NWPBu's right to the fullest extent claiming the refund of Advance and also vigorously defend the said Counter-Claim.

On 18 September 2019, judgment was entered against LMSB ordering that the TCA is terminated by LMSB, LMSB to pay RM6.5 million to NWPBu within 14 days from date of Order, LMSB to pay to NWPBu interest at rate of 5% p.a. on the sum of RM6.5 million from 27 March 2018 to full settlement, costs in the sum of RM5,000-00 and LMSB's counter-claim is struck off.

On 25 October 2019, LMSB filed an application at the Kuala Lumpur High Court applying to set aside the judgment entered on 18 September 2019. The matter is now fixed for further hearing on 3 August 2020.

On 3 August 2020, by a consent order was entered at the Kuala Lumpur High Court, that the Judgment dated 18 September 2019 entered against the Defendant be amended as follows:-

- (1) LMSB to serve NWPBu with a notice of arbitration relating to the counter-claim on or before 10 August 2020;*
- (2) A stay of execution in relation to the Judgment dated 18 September 2019, inter alia, the sum of RM6.5 awarded to NWPBu and termination of the Turnkey Construction Agreement under the original Judgment including winding-up proceeding until disposal of the arbitration;*
- (3) NWPBu is given the liberty to apply for security to be provided during the arbitration;*
- (4) Costs in cause at the arbitration; and*
- (5) In the event LMSB failed to provide the notice as stated under the condition in Paragraph (1) above, then the original Judgment will automatically be reinstated.*

On 7 August 2020, LMSB served the Notice of Arbitration to NWPBu. The claim contained in the said Notice of Arbitration is essentially LMSB counter-claim on the said KL High Court suit. LMSB is claiming against NWPBu for a sum of RM15,632,784.88 being alleged damages and losses suffered by LMSB due to LMSB allegation that NWPBu's failure, refusal and/or neglect to commence and perform the work pursuant to the Turnkey Contract and Supplementary Agreement.

The Company has sought legal opinion and shall vigorously defend the meritless claim filed by LMSB against NWPBu.

- d) LMSB has not pay the judgment sum for the judgment entered against LMSB on 18 September 2019 as stated in paragraph (c) above. On 15.11.2019, NWPBu has filed a Winding-Up Petition against LMSB at the Kuala Lumpur High Court for LMSB's disability to settle the said judgment sum. The Winding-Up Petition was advertised on newspaper on 30 January 2020 and 31 January 2020. The Winding-Up Petition was published in the Government Gazette on 16 January 2020. In view of the stay of execution of the Judgment dated 18 September 2019 stated above, the winding-up petition was withdrawn with liberty to file afresh.

2.12 Material Litigation (continue)

e) NWP Builder Sdn Bhd -vs- Ismail Bin Hassan

On 14 October 2016, the Board announced that a wholly owned subsidiary of the Company, NWPBu, had entered into a conditional Sale of Shares Agreement (“SSA”) with Dato’ Ismail Bin Hassan (“Dato’ Ismail” or “the seller”) to acquire 300 common shares representing 30% equity interest in Aviation A.I. Inc. for a cash consideration of USD1,500,000.

With reference to the announcements made on 13 January 2017, 27 November 2017 and 26 January 2018 in relation to the above, NWPBu and Dato’ Ismail have mutually agreed to extend the Conditional Period for the SSA to 13 April 2017, 31 December 2017 and 31 March 2018 respectively.

On 2 April 2018, NWPBu had via a letter informed Dato’ Ismail that the Company will terminate the SSA due to non-fulfillment of conditions precedent by Dato’ Ismail. The event was subsequently announced to Bursa on 16 April 2018.

Due to Dato’ Ismail failure to return and refund the Sum Paid (RM4.1 million) made under the SSA to NWPBu, NWPBu has commenced arbitration proceeding against Dato’ Ismail at Asian International Arbitration Centre (AIAC) to recover the Sum Paid.

The matter is pending the appointment of an arbitrator by the Director of the Asian International Arbitration Centre (AIAC) to proceed further on the matter.

f) NWPBu (Plaintiff) -vs- Dino Express Sdn Bhd (Defendant)

Pursuant to a sale and purchase agreement dated 25 August 2018 entered between NWPBu and Dino Express Sdn Bhd (“Dino”) for the sale and purchase of a yacht known as Caracholja make Sanlorenzo Model SL62 Year 2006 Registration number SPZ600018 engine Man D 2842 from NWPBu at the price of RM1,443,065 by 5 instalments. As at 12 June 2019, Dino has paid the sum of RM1,260,000 toward the purchase price. The balance sum of RM183,065 was due on 4 February 2019 and 12 June 2019 respectively. However Dino has failed to settle the balance sum of RM183,065.

On 12 March 2020, NWPBu filed a legal action at the Kuala Lumpur Sessions Court against Dino to repossess the said yacht and forfeit all the payment made by Dino towards the purchase price as provided under the sale and purchase agreement dated 26 August 2018.

The Writ of Summons was sealed and extracted by NWPBu’s solicitors from the Kuala Lumpur Sessions Court on 18 March 2020.

On 8 July 2020, Dino has filed an application to strike out the claim.

On 30 September 2020, the Company withdraw the action.

g) Kee Soon Ling (Plaintiff) -vs- Wong See Ming; Tan Shiah Huei; Goh Shaw Koon @ Goh Mei Ling; Yew Onn Chong; Mak Hon Leong; and NWP Holdings (Defendants) - Originating Summons Received From Dato’ Sri Kee Soon Ling

On 3 March 2020, KSL has filed an Originating Summons against NWP and the directors of NWP praying for an Order, inter alia, that an Extra Ordinary General Meeting (“EGM”) be convened by NWP at NWP’s costs and expense to appoint an Independent Investigating Accountant.

2.12 Material Litigation (continue)

NWP had on 15 May 2020 filed an affidavits in reply denying KSL's rights to convene an EGM as he does not fulfill the requisite 10 % shareholding to convene an EGM under the Companies Act 2016 and the Article of Association of NWP.

On 25 September 2020, KSL withdraw his action.

h) NWP Holding (NWP) -vs- Tan Su Haw and Chew Kah Eng (Defendants)

On 14 February 2020, NWP received a Notice of Requisition from Tan Su Haw and Chew Kah Eng (collectively as "Defendants") requested an Extraordinary General Meeting ("EGM") to be convened by the Company pursuant to Section 311 of the Companies Act 2016.

The Board of Directors of NWP had sought legal advice and wishes to announce that the Company had on 11 March 2020 vide its solicitors, Messrs David Lai & Tan filed the Writ and Statement of Claim ("Suit") against the Defendants where the Company is seeking the following reliefs:

- (1) A declaration that the requisition for EGM scheduled for 16 March 2020 or any adjourned date through the notice of requisition dated 14 February 2020 is mala fide and not in good faith;*
- (2) A declaration that the requisition for EGM scheduled for 16 March 2020 or any adjourned date is an abuse of process under Section 310(b) of the Companies Act 2016;*
- (3) Consequential to the declaration sought:
 - i) An order that the EGM scheduled for 16 March 2020 or any adjourned date through the notice of requisition dated 14 February 2020 by the Defendants be cancelled;*
 - ii) Or in the alternative, an order that the EGM scheduled for 16 March 2020 or any adjourned date through the notice of requisition dated 14 February 2020 by the Defendants be adjourned sine die without any of the proposed resolutions sought therein being put for consideration by the shareholders of the Company; and*
 - iii) In the event that the EGM through the notice of requisition dated 14 February by the Defendants had been held, all the resolutions passed therein shall be invalid and not binding on the Company.**
- (4) Damages;*
- (5) Costs be borne by the Defendants; and*
- (6) Any further and other relief which the Honourable Court deems fit and proper to be granted.*

The Suit was fixed for case management on 25 March 2020.

On 3 April 2020, the Defendants had entered their appearance and further filed their Defense on 28 April 2020.

NWP had also filed their Reply to Defense on 11 June 2020.

On 19 June 2020, the Defendants had filed an application to strike out the Suit based on among others, the ground that the Company's claim had no valid cause of action, frivolous, vexatious and an abuse of Court process ("Striking-Out Application"). NWP had on 14 July 2020 filed its affidavit in opposition of the Striking-Out Application.

The hearing for the Striking-Out Application and the case management for the Suit are both fixed on 19 August 2020.

The Court had on 13 August 2020 order the Company to cease all actions against the Defendants without liberty to file again and without any order against cost.

2.12 Material Litigation (continue)

i) *NWP Holdings Berhad -vs- Dato Sri' Kee Soon Ling*

On 13 March 2020, NWP has filed a suit against KSL for a sum of RM340,000.00 being refund of Director's fees received by him from 1.8.2016 to 31.10.2017 without members' approval by a cheque issued from KSL to NWP. However the cheque has expired and despite demand made to replace the expired cheque, KSL has failed to replace the cheque.

KSL filed his defense denying the right of NWP to the sum of RM340,000-00 and counterclaim against NWP for the sum of RM1,369,523.29 which KSL alleged is a loan given to NWP.

NWP has filed a summary judgment application for the sum of RM340,000.00 and the said summary judgment application is fixed for hearing on 22 July 2020.

On 13 August 2020, the learned judge, Tuan Rushan Lutfi Bin Mohammad had allowed NWP's application for summary judgement against KSL for the refund of the director's remuneration with costs of RM3,000.00 to be paid by NWP. KSL has filed his appeal at the Kuala Lumpur High Court.

The counter-claim is now fixed for trial from 22.02.2021 to 24.02.2021. Pre-trial case management is on 02.11.2020.

2.13 Dividend

No dividend has been recommended during the quarter under review.

2.14 Loss per Share

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 01/06/2020 to 31/08/2020	Correspon ding Period 01/06/019 to 31/08/2019	Current Period 01/09/2019 to 31/08/2020	Correspon ding Period 01/09/2018 to 31/08/2019
a) Basic loss per share				
Net loss for the period (RM'000) after tax attributable to equity holder of the parent.	(1,311)	(2,946)	(5,024)	(6,337)
Weighted average number of ordinary shares issued ('000)	430,349	427,253	430,349	403,376
Basic loss per share (sen)	(0.30)	(0.69)	(1.17)	(1.57)
b) Diluted loss per share	N/A	N/A	N/A	N/A

The earnings per share are calculated based on weighted average number of ordinary shares stated above.

END