



## STAR MEDIA GROUP BERHAD

Company No. 10894-D  
(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

#### Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial year ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue		50,945	76,061	196,416	315,934
Operating expenses	A8	(73,367)	(78,238)	(277,041)	(322,448)
Other operating income	A9	3,716	7,567	65,475	22,363
<b>(Loss)/Profit from operations</b>		<b>(18,706)</b>	<b>5,390</b>	<b>(15,150)</b>	<b>15,849</b>
Finance cost		(466)	(406)	(1,378)	(1,206)
<b>(Loss)/Profit before taxation</b>		<b>(19,172)</b>	<b>4,984</b>	<b>(16,528)</b>	<b>14,643</b>
Taxation	B5	3,425	(4,831)	(3,260)	(8,922)
<b>(Loss)/Profit for the financial period</b>		<b>(15,747)</b>	<b>153</b>	<b>(19,788)</b>	<b>5,721</b>
Attributable to:					
Owners of the parent		(15,714)	230	(19,719)	5,677
Non-controlling interests		(33)	(77)	(69)	44
		<b>(15,747)</b>	<b>153</b>	<b>(19,788)</b>	<b>5,721</b>
Basic/Diluted earnings per ordinary share (sen):		(2.16)	0.03	(2.71)	0.77

**(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2019)**

Included in the Operating Expenses are depreciation and amortisation expenses:

	(9,332)	(10,120)	(38,862)	(40,464)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2020**

	3 months ended		Financial year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/Profit for the financial period</b>	<b>(15,747)</b>	<b>153</b>	<b>(19,788)</b>	<b>5,721</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
- exchange differences on translating foreign operations	173	2,943	119	2,906
<b>Total comprehensive income for the financial period</b>	<b>(15,574)</b>	<b>3,096</b>	<b>(19,669)</b>	<b>8,627</b>
<b>Attributable to:</b>				
Owners of the parent	(15,541)	3,173	(19,600)	8,583
Non-controlling interests	(33)	(77)	(69)	44
	<b>(15,574)</b>	<b>3,096</b>	<b>(19,669)</b>	<b>8,627</b>

(The unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2019)

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 31 December 2020**

	31 December 2020 RM'000	31 December 2019 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	255,476	277,917
Investment properties	148,052	148,532
Intangible assets	25,138	42,056
Right-of-use assets	18,316	20,793
Other investments		
-Financial assets at fair value through profit or loss	118	71
Deferred tax assets	3,881	3,397
	<b>450,981</b>	<b>492,766</b>
<b>Current assets</b>		
Inventories	15,729	22,762
Trade and other receivables	100,096	65,894
Current tax assets	8,003	6,240
Short term deposits	296,457	323,971
Cash and bank balances	56,779	61,957
	<b>477,064</b>	<b>480,824</b>
<b>TOTAL ASSETS</b>	<b>928,045</b>	<b>973,590</b>

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 31 December 2020 (cont'd)**

	31 December 2020 RM'000	31 December 2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Treasury shares	(6,124)	(1,769)
Reserves	47,312	81,670
Equity attributable to owners of the parent	<b>779,752</b>	<b>818,465</b>
Non-controlling interests	(1,876)	(1,807)
<b>Total equity</b>	<b>777,876</b>	<b>816,658</b>
<b>Non-current liabilities</b>		
Lease liabilities	16,531	18,255
Deferred tax liabilities	25,052	26,803
	<b>41,583</b>	<b>45,058</b>
<b>Current liabilities</b>		
Trade and other payables	105,889	108,674
Lease liabilities	2,677	3,057
Taxation	20	143
	<b>108,586</b>	<b>111,874</b>
<b>Total Liabilities</b>	<b>150,169</b>	<b>156,932</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>928,045</b>	<b>973,590</b>
<b>Net assets per share attributable to owners of the parent company (RM)</b>	<b>1.06</b>	<b>1.11</b>

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2019)

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the year ended 31 December 2020**

	[----- Attributable to equity holders of the Company -----]							Total Equity RM'000
	[-----Non-distributable -----] Reserves			[-----Distributable-----] Reserves				
	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	
<b>Balance as at 1 January 2020</b>	<b>738,564</b>	<b>2,711</b>	-	<b>(1,769)</b>	<b>78,959</b>	<b>818,465</b>	<b>(1,807)</b>	<b>816,658</b>
Total comprehensive income for the year	-	119	-	-	(19,719)	(19,600)	(69)	(19,669)
<b><u>Transactions with owners</u></b>								
Repurchase of shares	-	-	-	(4,355)	-	(4,355)	-	(4,355)
Dividend								
<i>Interim Dividend for the financial year ended 31 December 2019, paid on 17 April 2020</i>	-	-	-	-	(14,758)	(14,758)	-	(14,758)
<b>Balance as at 31 December 2020</b>	<b>738,564</b>	<b>2,830</b>	-	<b>(6,124)</b>	<b>44,482</b>	<b>779,752</b>	<b>(1,876)</b>	<b>777,876</b>

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the year ended 31 December 2019**

	[----- Attributable to equity holders of the Company -----]							Total Equity RM'000
	[-----Non-distributable-----] Reserves			[-----Distributable-----] Reserves				
	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	
Balance as at 1 January 2019	738,564	(195)	-	(1,769)	95,418	832,018	(1,851)	830,167
Total comprehensive income for the year	-	2,906	-	-	5,677	8,583	44	8,627
<b><u>Transactions with owners</u></b>								
Dividend								
<i>Interim Dividend for the financial year ended 31 December 2018, paid on 18 April 2019</i>								
	-	-	-	-	(22,136)	(22,136)	-	(22,136)
<b>Balance as at 31 December 2019</b>	<b>738,564</b>	<b>2,711</b>	<b>-</b>	<b>(1,769)</b>	<b>78,959</b>	<b>818,465</b>	<b>(1,807)</b>	<b>816,658</b>

**(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2019)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2020**

	31 December 2020 RM'000	31 December 2019 RM'000
<b>(Loss)/Profit before taxation</b>	(16,528)	14,643
<b>Adjustments for non-cash flow items:-</b>		
Non-cash items	52,885	42,756
Non-operating items	(7,635)	(12,442)
<b>Operating profit before working capital changes</b>	<b>28,722</b>	<b>44,957</b>
<b>Changes in working capital</b>		
Net change in current assets	(27,760)	18,518
Net change in current liabilities	(2,616)	23,465
	(30,376)	41,983
<b>Cash (used in)/generated from operations</b>	<b>(1,654)</b>	<b>86,940</b>
Net tax (paid)/refunded	(7,381)	12,743
<b>Net cash (used in)/from operating activities</b>	<b>(9,035)</b>	<b>99,683</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	154	439
Proceeds from dissolution of a subsidiary	-	58
Proceeds from disposal of associate company	55	-
Proceeds from disposal of other investments	-	10,000
Purchases of property, plant and equipment	(3,012)	(2,402)
Purchases of intangible assets	(6,510)	(10,372)
Interest and investment income received	9,015	14,664
(Deposits placed with)/Withdrawals from licensed banks with original maturity more than 3 months	(26)	17,111
<b>Net cash (used in)/from investing activities</b>	<b>(324)</b>	<b>29,498</b>
<b>Financing Activities</b>		
Interest paid	(1,378)	(1,189)
Repayment of lease liabilities	(2,847)	(2,846)
Repurchase of shares	(4,355)	-
Dividend paid	(14,758)	(22,136)
<b>Net cash used in financing activities</b>	<b>(23,338)</b>	<b>(26,171)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,697)</b>	<b>103,010</b>
Effect of exchange rates fluctuations on cash held	(22)	(1)
Cash and cash equivalents at beginning of the year	385,322	282,313
<b>Cash and cash equivalents at end of the year</b>	<b>352,603</b>	<b>385,322</b>

*For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:*

	31 December 2020 RM'000	31 December 2019 RM'000
Deposits placed with licensed banks	296,457	323,971
Cash and bank balances	56,779	61,957
Deposits placed with licensed banks with original maturity more than 3 months	(633)	(606)
	<b>352,603</b>	<b>385,322</b>

**(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2019).**

## Notes to the interim financial report

### A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) 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 the Group for the year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2019 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial year:

#### *Amendments to References to the Conceptual Framework in MFRS Standards*

Amendments to MFRS 3	<i>Definition of a Business</i>
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>
Amendments to MFRS 9, MFRS 139 and MFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to MFRS 16	<i>Leases (Covid-19 – Rent Concessions)</i>
Amendments to MFRS 4	<i>Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

#### Effective for annual periods commencing on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Annual Improvements to MFRS Standards 2018 - 2020	
Amendments to MFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>
MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.



**Notes to the interim financial report****A2. Seasonal or cyclical factors**

The operations of our major business segment are generally affected by the major festive seasons.

**A3. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2020.

**A4. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the current quarter.

**A5. Debt and equity securities**

As at the date of this report, the Company has repurchased 13,111,500 of its issued and paid-up ordinary share capital from the open market. The average price paid for the shares repurchased was RM0.33 per share. The repurchase transactions were financed by internally generated funds and the shares repurchased are held as Treasury Shares by the Company in accordance with the requirement of the Section 127 of Companies Act 2016.

Other than the above, there were no issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial year ended 31 December 2020.

**A6. Dividend paid**

	2020 RM'000	2019 RM'000
<b><u>In respect of the financial year ended 31 December 2019</u></b>		
Interim dividend of 2.0 sen per ordinary share, single tier, paid on 17 April 2020	14,758	-
<b><u>In respect of the financial year ended 31 December 2018</u></b>		
Interim dividend of 3.0 sen per ordinary share, single tier, paid on 18 April 2019	-	22,136
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## Notes to the interim financial report

A7. Segment Reporting

	<b>Print and digital RM'000</b>	<b>Radio RM'000</b>	<b>Event and exhibition RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b><u>Financial year ended 31 December 2020</u></b>						
Sales to external customers	172,468	20,273	3,675	-	-	196,416
Inter-segment sales	186	148	-	32,784	(33,118)	-
Total revenue	172,654	20,421	3,675	32,784	(33,118)	196,416
(Loss)/Profit before tax	(17,151)	(3,370)	(380)	3,395	978	(16,528)
Assets	820,522	86,727	7,778	13,018	-	928,045
<b><u>Financial year ended 31 December 2019</u></b>						
Sales to external customers	277,321	24,822	13,804	(13)	-	315,934
Inter-segment sales	338	75	-	36,173	(36,586)	-
Total revenue	277,659	24,897	13,804	36,160	(36,586)	315,934
Profit/(Loss) before tax	13,199	810	1,762	(1,164)	36	14,643
Assets	855,166	94,794	11,110	12,520	-	973,590

**Notes to the interim financial report****A8. Operating expenses**

	3 months ended		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Allowance of credit losses	(1,728)	524	639	1,073
Foreign exchange loss	45	90	84	311
Impairment on property, plant and equipment and intangible assets	11,983	2,807	12,969	2,807

**A9. Other operating income**

	3 months ended		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Interest income	132	2,971	1,184	4,919
Investment income	1,469	1,704	7,829	8,729
Reversal of allowance of credit losses	329	1,147	631	2,227
Foreign exchange gain	132	7	179	7
Gain on disposal of associates	-	-	55	-
Compensation income	-	-	50,542	-
Other income	1,654	1,738	5,055	6,481
Total	<u>3,716</u>	<u>7,567</u>	<u>65,475</u>	<u>22,363</u>

**A10. Events subsequent to the end of the reporting year**

There are no material events subsequent to the end of the reporting year under review that have not been reflected in the quarterly financial statements.

**A11. Changes in composition of the Group**

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

**A12. Capital commitments**

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	1,271
- not contracted	11,987
	<u>13,258</u>

**Additional information required by Bursa Malaysia Securities Listing Requirements****B1. Review of performance**

	Current Year Quarter 31.12.2020 (4Q 2020) RM'000	Preceding Year Corresponding Quarter 31.12.2019 (4Q 2019) RM'000
Revenue	50,945	76,061
Consolidated (Loss)/Profit before taxation	(19,172)	4,984
Consolidated (Loss)/Profit after taxation	(15,747)	153

In 4Q 2020, the Group recorded a loss before tax of RM19.17 million as compared to a profit before tax of RM4.98 million in 4Q 2019. The Group registered a loss mainly due to lower revenue from Print segment as well as impairment of assets of RM11.98 million in the current quarter under review. Due to Covid-19, many businesses are holding their advertising spending for other business priorities.

*Performance of the respective business segments for 4Q 2020 compared to the corresponding quarter of 2019 are as follows:-*

*Print and Digital* – This segment recorded a loss before tax of RM20.94 million in 4Q 2020 as compared to a profit before tax of RM6.73 million in 4Q 2019 due to lower revenue and impairment of assets of RM11.98 million. Overall revenue for this segment was still down due to softness in Malaysian economy coupled by the effects of Covid-19. However, we saw very encouraging growth in digital revenue of 17% against last corresponding quarter, which was mainly attributable to the increase in the digital advertorial, branded content, programmatic and paywall subscription revenue.

*Radio Broadcasting* – Radio generated revenue amounting to RM6.27 million in 4Q 2020 as compared to RM7.12 million in 4Q 2019. This segment recorded a marginal profit before tax of RM0.16 million in 4Q 2020 as compared to RM1.45 million in 4Q 2019. The decline in revenue is mainly attributed to cautious spending by advertisers due to the Covid-19 pandemic.

*Event and exhibition* – Revenue declined to RM0.64 million in 4Q 2020 from RM0.93 million in 4Q 2019. This segment recorded a loss before tax of RM0.36 million in 4Q 2020 as compared to RM0.54 million in 4Q 2019. The pandemic and prolonged Movement Control Orders have caused a lot of our offline events to be cancelled but we managed to hold one show in December 2020 and have continued with other online alternatives such as Star Virtual Education Fair which have helped to limit the fallout from these cancelled events.

## Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	Financial year 31.12.2020 (FY2020) RM'000	Financial year 31.12.2019 (FY2019) RM'000
Revenue	196,416	315,934
Consolidated (Loss)/Profit before taxation	(16,528)	14,643
Consolidated (Loss)/Profit after taxation	(19,788)	5,721

*Performance of the company and subsidiaries for financial year ended 31 December 2020 vs 31 December 2019:-*

The Group recorded a loss before tax of RM16.53 million in FY2020 as compared to a profit before tax of RM14.64 million in FY2019. Revenue from all segments were impacted by the pandemic and prolonged Movement Control Orders. However, with the implementation of Conditional Movement Control Order in the second half of the year, revenue has gradually improved and we saw a slight spend shift into the digital advertising.

*Performance of the respective business segments are as follows:-*

*Print and Digital* – This segment recorded a loss before tax of RM17.15 million in FY2020 as compared to a profit before tax of RM13.20 million in FY2019. Many advertisers were still very cautious on advertising spending due to the effects of Covid-19 and subsequent Movement Control Order. However, digital revenue has marginally improved by 2% in FY2020 as compared to FY2019.

*Radio* – Revenue declined to RM20.27 million in FY2020 from RM24.82 million in FY2019 as a result of cautious spending by advertisers due to the pandemic. Revenue has gradually improved since 2Q 2020 as Malaysia implemented Recovery Movement Control Order and Conditional Movement Control Order in the second half of FY2020. This segment recorded a loss before tax of RM3.37 million in FY2020 as compared to a profit before tax of RM0.81 million in FY2019.

*Event and exhibition* – Revenue decreased to RM3.68 million from RM13.80 million mainly due to cancellation of events in FY2020 caused by the pandemic. This segment recorded a small loss before tax of RM0.38 million in FY2020 as opposed to profit before tax of RM1.76 million in FY2019.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B2. Variation of results against preceding quarter**

	Current Quarter 31.12.2020 (4Q 2020) RM'000	Preceding Quarter 30.09.2020 (3Q 2020) RM'000
Revenue	50,945	48,206
Consolidated (Loss)/Profit before taxation	(19,172)	33,129
Consolidated (Loss)/Profit after taxation	(15,747)	26,875

Group revenue for 4Q 2020 increased to RM50.95 million from RM48.21 million in 3Q 2020. As the government has implemented Conditional Movement Control Order in 4Q 2020, revenue has gradually improved as compared to 3Q 2020. The Group registered a loss before tax in 4Q 2020 mainly due impairment of assets in 4Q 2020 which amounted to RM11.98 million.

**B3. Prospects**

The Covid-19 pandemic has evolved into a global economic crisis where it has impacted most industries. Business and consumer behaviours remain uncertain but the Group's revenue has gradually improved since 3Q 2020 and drastic measures are also being taken to contain the impact.

Despite the challenging environment, the Group has continued to progress with its digital transformation initiatives to improve its costs and operational efficiencies. In March 2020, the Star Online launched its paywall as part of the Group's monetisation strategies to diversify revenue streams. Due to the SOP restrictions to combat the Covid-19 pandemic, we have executed a number of virtual fairs and events in place of the physical ones. We have also launched a number of new digital products and platforms to further reach out to our audiences.

The Group expects revenue growth from its digital segment to continue despite soft and challenging market conditions. The Group will focus on using new technologies and analytics to improve, deepen and predict how our customers consume content with the end goal of increasing engagement and monetisation to drive new revenue streams beyond Print. Towards this end, SMG Brand Studio provides advertisers a One Stop Shop for solution based, end-to-end marketing planning encompassing strategy, data & analytics to creative and content execution. This new service will certainly complement our existing growth in digital platforms, we hope to increase advertising take-up rates during these uncertain times and achieve a higher growth in the near future.

The Group has embarked on various cost cutting measures and efforts are also being directed at restructuring some of the business units within the Group to re-strategise operations, which include manpower rationalisation and realignments in how we get back into the market, especially post MCO.

The Group has a strong balance sheet, with a cash reserve of more than RM300 million with no borrowings as of 31 December 2020. This will act as a solid base for SMG to capitalise on merger and acquisition opportunities during the market consolidation, and even penetrate into new businesses that have a promising outlook. With the experience that was gathered during the MCO 1.0, the Group is now better equipped and together with its strong financial standing, the Board is confident the Group is well positioned to weather through these unprecedented challenges.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B4. Profit forecast**

The Group has not provided any profit forecast in a public document.

**B5. Taxation**

Taxation comprises the following: -

	3 months ended		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	(1,187)	4,908	5,498	8,999
2. Foreign taxation	-	-	-	-
3. Deferred taxation	(2,238)	(77)	(2,238)	(77)
	(3,425)	4,831	3,260	8,922

The Group's tax expense for the financial period is mainly due to income tax expense incurred by profitable subsidiaries within the Group.

**B6. Status of corporate proposal announced**

On 12 May 2017, the Company announced that Laviani Pte Ltd, a wholly-owned subsidiary company, entered into a conditional share purchase agreement with Lucrum 1 Investment for the proposed disposal of its entire equity interest in Cityneon for a disposal consideration of SGD115,612,731 (equivalent to RM360,179,902) to be satisfied entirely via cash.

Subsequently, the Company obtained approval from its shareholders at the Extraordinary General Meeting held on 7 July 2017 for the abovementioned disposal.

On 12 July 2017, the Company announced the completion on the disposal of Cityneon Holdings Limited by Laviani Pte Ltd, a wholly-owned subsidiary company. Accordingly, Cityneon Holdings Limited and its subsidiaries will cease to be the indirect subsidiary companies of the Company.

On 1 August 2019, the Company announced that it has only utilised RM207.68 million out of the Disposal Proceeds and proposed variation to the utilisation of proceeds. The balance yet to be utilised stood at RM152.5 million ("Remaining Balance") which had been initially earmarked for future investments and to be fully utilised within 24 months from July 2017. Revised amount on the utilisation of proceeds are tabulated below.

As at 31 December 2020, the details of utilisation of proceeds are as follows:-

Purposes	Revised Amount (as at 30 June 2019) RM'000	Actual Utilisation RM'000	Remaining Balance RM'000	Revised Expected Timeframe for Utilisation
Future investments	66,500	-	66,500	Within 24 months
General working capital	86,000	(86,000)	-	Fully utilised
<b>Total</b>	<b>152,500</b>	<b>(86,000)</b>	<b>66,500</b>	

**Additional information required by Bursa Malaysia Securities Listing Requirements****B7. Lease liabilities**

The Group's lease liabilities as at the end of the fourth quarter are as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
<b>Short Term Lease Liabilities</b>		
Unsecured		
- Finance lease	-	276
- Lease liabilities	2,677	2,781
	2,677	3,057
<b>Long Term Lease Liabilities</b>		
Unsecured		
- Finance lease	901	797
- Lease liabilities	15,630	17,458
	16,531	18,255

All lease liabilities in 2020 and 2019 are denominated in Ringgit Malaysia.

**B8. Changes in material litigation**

On the sale and purchase agreement dated 19 August 2011 made between the Company and Jaks Island Circle Sdn Bhd ("JIC") ("SPA") which had expired on 15 February 2018 for the delivery of vacant possession of its investment property under construction ("Tower A"), the Company had on 15 February 2018 called on the two (2) bank guarantees issued by United Overseas Bank (Malaysia) Berhad and AmBank (M) Berhad respectively (collectively, "Banks") amounting to RM50,000,000 pledged as security by JIC under the SPA.

After numerous rounds of court hearings and appeals in financial year 2018, the Company had received the latest update on 7 January 2019 where the Federal Court had unanimously dismissed JIC's Federal Court's Leave Applications with costs awarded to the Company. In relation to this, the Company has received the bank guarantees on 9 January 2019.

The Company had on 19 April 2019 filed a Writ and Statement of Claim against JAKS Resources Berhad ("JRB") for inter alia:

- (a) specific relief for JRB to complete or cause to be completed JIC's obligations under the SPA namely the completion and delivery of Vendor's Entitlement by 31 October 2019 in full and proper compliance with the terms of the SPA; and
- (b) damages being late payment interest calculated at the rate of 8% per annum on the balance purchase price of RM134,500,000 from 25 October 2015 to 31 October 2019 ("Corporate Guarantee Claim").

On 31 May 2019, the Company announced that it had been served with a Writ of Summons and Statement of Claim both dated 30 May 2019, which amounted to RM595.3 million in addition to exemplary damages, interest, costs and such further relief that may be just. Among the reliefs sought were, refund of RM50,000,000 bank guarantees together with all interests and related costs incurred thereto.



## **Additional information required by Bursa Malaysia Securities Listing Requirements**

### **B8. Changes in material litigation (cont'd)**

On 1 August 2019, the Company filed an application to strike out the JIC's and JRB's claim against the Company. In addition, the Company had filed an application for summary relief in respect of the Corporate Guarantee Claim. High Court has fixed 28 September 2020 for clarification and decision on the application.

On 14 October 2019, the High Court had adjourned the hearing on the Company's application for summary relief in respect of the Company's Corporate Guarantee Claim against JRB. The High Court had fixed the hearing date on 14 November 2019, which have been adjourned to 21 April 2020. The hearing has been further adjourned to 18 June 2020 in light of the extension of the Movement Control Order by the Government of Malaysia. However, the hearing was further adjourned to 7 August 2020.

On 7 August 2020, the Court has partly allowed the Company's application filed under Order 14A of the Rules of High Court 2012 in respect of the Company's Corporate Guarantee claim against JRB. The High Court has amongst others, ruled that the Company be compensated by JRB at the rate of 8% per annum on the Balance Purchase Price of RM134,500,000 from 25 October 2015 to 6 July 2020 which will continue to run from 6 July 2020 to the date JRB completes or cause to be completed JIC's obligations under the SPA namely the full and complete delivery of the Company's Entitlement in full and proper compliance with the terms of the SPA.

On 25 August 2020, the Company was informed by its solicitors that JRB has appealed against the High Court's decision ("Appeal 1122") and has also applied for a Stay of Execution of the High Court's Order dated 7 August 2020 pending the disposal of the appeal. The Stay of Execution hearing was originally fixed on 14 October 2020 but in view of the Conditional Movement Control Order and Movement Control Order, it was adjourned to 25 November 2020 and subsequently to 11 January 2021 and 24 March 2021.

On 1 September 2020, the Company appealed to the Court of Appeal against part of the High Court's decision made on 7 August 2020 that it is not necessary and incumbent on JRB and/or JIC, having regard to the provisions of Clause 18(a)(i) of the SPA as well as general construction industry practice, to provide the full set construction drawings, details and specifications requested by the Company vide letter dated 1 July 2020 in order to carry out proper and meaningful joint inspection under Clause 4B.4 of the SPA ("Appeal 1188").

Following the case management for Appeal 1188 on 17 November 2020, the parties agreed that Appeal 1122 and Appeal 1188 will be heard together at the Court of Appeal. The Court then directed that e-Appellate hearing for both Appeal 1122 and Appeal 1188 be fixed on 29 July 2021.

On 28 September 2020, the High Court dismissed the Company's application to strike off JIC's and JRB's claim. The Company had on 2 October 2020 filed an appeal to the Court of Appeal against the decision of the High Court ("Appeal 1435"). During the case management on 25 January 2021, the Company proposed for this Appeal 1435 to be heard with Appeal 1122 and Appeal 1188 given their commonality in facts and law. JIC and JRB's solicitors informed the Court that they will seek their clients' instructions on this matter.

The Court then fixed another case management on 4 March 2021 for JRB and JIC's solicitors to revert with their instructions.

Based on the information provided by the external solicitors, the Company is of the view that it has merits to oppose the abovementioned claims.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B9. Dividend**

No interim dividend has been recommended for the financial year under review (2019: interim dividend of 2.0 sen per ordinary share, single tier).

**B10. Basic earnings per share**

The basic earnings per share has been calculated based on the Group's profit after taxation attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial year.

	3 months ended		Financial year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Group's profit/(loss) after taxation attributable to owners of the parent (RM'000)	(15,714)	230	(19,719)	5,677
Number of shares at the beginning of the year ('000)	737,876	737,876	737,876	737,876
Effect of Share Buy Back during the year ('000)	(9,012)	-	(9,012)	-
Weighted average number of ordinary shares outstanding ('000)	728,864	737,876	728,864	737,876
<b>Basic earnings per share (sen)</b>	<b>(2.16)</b>	0.03	<b>(2.71)</b>	0.77

**Diluted earnings per share**

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

By Order of the Board

Hoh Yik Siew  
Group Company Secretary

25 February 2021  
Petaling Jaya, Selangor Darul Ehsan