



**WONG ENGINEERING CORPORATION BERHAD
AND ITS SUBSIDIARIES**

Reg No: 199601037606 (409959-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THREE MONTHS ENDED 31 JANUARY 2020**

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|---|
| | CURRENT YEAR QUARTER 31 Jan 20 (RM'000) | PRECEDING YEAR CORRESPONDING QUARTER 31 Jan 19 (RM'000) | CURRENT YEAR TO DATE 31 Jan 20 (RM'000) | PRECEDING YEAR CORRESPONDING TO DATE 31 Jan 19 (RM'000) |
| Continuing operations | | | | |
| Revenue | 15,969 | 12,761 | 15,969 | 12,761 |
| Operating Profit | 772 | 450 | 772 | 450 |
| Finance costs | (256) | (30) | (256) | (30) |
| Interest income | 122 | 47 | 122 | 47 |
| Profit before tax | 638 | 467 | 638 | 467 |
| Tax Expense | - | (10) | - | (10) |
| Profit for the period | 638 | 457 | 638 | 457 |
| Other comprehensive income/(expense), net of tax | - | - | - | - |
| Total comprehensive income/(expense) | 638 | 457 | 638 | 457 |
| Profit/(Loss) for the year representing total comprehensive income/(expenses) for the year attributable to: | | | | |
| Owners of the Company | 639 | 458 | 639 | 458 |
| Non-Controlling interest | (1) | (1) | (1) | (1) |
| | 638 | 457 | 638 | 457 |
| Basic earnings per ordinary share (sen) - Note 23 | 0.57 | 0.40 | 0.57 | 0.40 |

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes set out on pages 5 to 12 which forms an integral part of this interim financial report.



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Reg No: 199601037606 (409959-W)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2020

| | Note | Unaudited As at end of current quarter 31 Jan 2020 RM'000 | Audited As at preceding financial year end 31 Oct 2019 RM'000 |
|---|------|---|---|
| ASSETS | | | |
| Property, plant and equipment | | 36,590 | 35,727 |
| Investment properties | | 501 | 502 |
| Deferred Tax assets | | 3,908 | 3,908 |
| Total non-current assets | | <u>40,999</u> | <u>40,137</u> |
| Inventories | | 11,620 | 11,608 |
| Trade and other receivables | | 14,897 | 12,705 |
| Other investments | | 2,139 | 2,945 |
| Current tax assets | | 169 | 161 |
| Cash and cash equivalents | | 29,966 | 31,591 |
| Total current assets | | <u>58,791</u> | <u>59,010</u> |
| Total Assets | | <u>99,790</u> | <u>99,147</u> |
| EQUITY | | | |
| Share capital | | 57,909 | 57,909 |
| Treasury shares | | (1,050) | (1,050) |
| Reserves | | 12,551 | 11,912 |
| Total equity equitable to equity holders of the Company | | <u>69,410</u> | <u>68,771</u> |
| Non-controlling interest | | 38 | 39 |
| Total Equity | | <u>69,448</u> | <u>68,810</u> |
| LIABILITIES | | | |
| Other payables | | - | - |
| Bank borrowings | 20 | 17,193 | 17,899 |
| Total non-current liabilities | | <u>17,193</u> | <u>17,899</u> |
| Trade and other payables | | 10,040 | 9,240 |
| Bank borrowings | 20 | 2,905 | 2,931 |
| Current tax liabilities | | 204 | 267 |
| Total current liabilities | | <u>13,149</u> | <u>12,438</u> |
| Total Liabilities | | <u>30,342</u> | <u>30,337</u> |
| Total Equity and Liabilities | | <u>99,790</u> | <u>99,147</u> |
| Net asset per share attributable to ordinary equity holders of the Company (RM) | | <u>0.62</u> | <u>0.61</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes set out on pages 5 to 12 which forms an integral part of this interim financial report.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JANUARY 2020**

(The figures have not been audited)

<----- Attributable to shareholders of the Company ----->

<--- Non-Distributable --->

| | Share Capital RM'000 | Treasury Shares RM'000 | Distributable (Accumulated Losses)/Retained Earnings RM'000 | Total RM'000 | Non- controlling Interest RM'000 | Total Equity RM'000 |
|---|----------------------------|------------------------------|---|-----------------|---|---------------------------|
| 3 months ended 31 January 2020 (Unaudited) | | | | | | |
| At 1 November 2019 | 57,909 | (1,050) | 11,912 | 68,771 | 39 | 68,810 |
| Total comprehensive income for the period | - | - | 639 | 639 | (1) | 638 |
| Total comprehensive income/(expenses) for the period | 57,909 | (1,050) | 12,551 | 69,410 | 38 | 69,448 |
| Purchase of treasury shares | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | - | - |
| At 31 January 2020 | 57,909 | (1,050) | 12,551 | 69,410 | 38 | 69,448 |
| 3 months ended 31 January 2019 (Unaudited) | | | | | | |
| At 1 November 2018 | 57,909 | (368) | 7,823 | 65,364 | 50 | 65,414 |
| Total comprehensive income for the period | - | - | 458 | 458 | (1) | 457 |
| Total comprehensive income/(expenses) for the period | 57,909 | (368) | 8,281 | 65,822 | 49 | 65,871 |
| Purchase of treasury shares | - | (313) | - | (313) | - | (313) |
| Dividends paid | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | (313) | - | (313) | - | (313) |
| At 31 January 2019 | 57,909 | (681) | 8,281 | 65,509 | 49 | 65,558 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes set out on pages 5 to 12 which forms an integral part of this interim financial report.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED 31 JANUARY 2020**

| | Unaudited 31 Jan 2020 RM'000 | Unaudited 31 Jan 2019 RM'000 | |
|---|------------------------------------|------------------------------------|--------|
| Profit before tax from continuing operations | 638 | 467 | |
| Adjustments for: | | | |
| Non-cash items | 1,235 | 762 | |
| Non-operating items | (376) | (253) | |
| Operating profit before changes in working capital | 1,497 | 976 | |
| Changes in working capital | | | |
| - Net changes in current assets | (2,204) | 262 | |
| - Net changes in current liabilities | 916 | (148) | |
| Dividend received | 7 | 33 | |
| Tax (paid)/refund | (69) | (124) | |
| Net cash from operating activities | 147 | 999 | |
| Cash flow from investing activities | | | |
| - Purchase of machinery and equipment (Note 1) | (1,904) | (353) | |
| - Proceeds from disposal of machinery and equipment | - | 328 | |
| - Addition of other investments | (528) | (813) | |
| - Proceeds from disposal of other investments | 1,642 | - | |
| - Interest received | 122 | 47 | |
| Net cash (used in)/from investing activities | (668) | (791) | |
| Cash flow from financing activities | | | |
| - Repayment of other payables | (116) | - | |
| - Repayment of hire purchase obligations | (232) | (207) | |
| - Repayment of other borrowings | (500) | - | |
| - Drawdown of other borrowings | - | 20,000 | |
| - Dividend paid | - | - | |
| - Purchase of treasury shares | - | (313) | |
| - Interest paid | (256) | (30) | |
| Net cash (used in)/from financing activities | (1,104) | 19,450 | |
| Net increase in cash and cash equivalents | (1,625) | 19,658 | |
| Cash and cash equivalents at beginning of financial period | 31,591 | 9,185 | |
| Cash and cash equivalents at end of financial period | 29,966 | 28,843 | |
| Note - Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following | | | |
| Short term deposit placed with licensed banks | RM'000 | 27,694 | 26,200 |
| Cash and bank balances | RM'000 | 2,272 | 2,643 |
| | | 29,966 | 28,843 |

Note 1

During the financial period ended 31 January 2020, the Group acquired machinery and equipment (M&E) with an aggregate cost of RM1,904,000 (31 January 2019: RM2,496,000) of which RM1,904,000 was paid by cash (31 January 2019: RM353,000 by cash). The remaining M&E with an aggregate cost of RM Nil were acquired by means of hire purchase (31 January 2019: RM2,143,000).

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes set out on pages 5 to 12 which forms an integral part of this interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020

Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the applicable disclosure provision of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2019 (“FYE19”). 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 audited financial statements for FYE19 except for adoption of the following accounting standards, amendments and interpretations that have been issued by the MASB and effective for this financial year:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

The adoptions of these new standards, amendments and interpretations does not have significant impact on the financial statements of the Group.

2. Audit qualification

There was no qualification on the audit report of the financial statements for the financial year ended 31 October 2019.

3. Seasonal or cyclical factors

The Group’s result is not significantly affected by any seasonal factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

5. Changes in estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020**6. Changes in debt and equity securities**

There were no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period.

The details of the treasury shares held as at 31 January 2020 are as follow:

| | Number of shares | Total Amount (RM) |
|---|------------------|-------------------|
| Balance of treasury shares as at 1 November 2019 | 1,818,200 | 1,049,685 |
| Shares bought back during the period | - | - |
| Balance of treasury shares as at 31 January 2020 | 1,818,200 | 1,049,685 |

7. Dividends paid

No dividend was paid during the financial period ended 31 January 2020.

8. Segmental revenue and results

For the purpose of management, the Group is organized into four operating segments which are manufacturing and sales of high precision stamped and turned metal parts, trading of environmental and health product, construction and property development (PD) and investment. For financial reporting purposes, the first two segments are combined and referred to as "Manufacturing" because both segments exhibit similar long-term performance. The following is an analysis of the Group's revenue and results by the reportable business segments for the period ended 31 January 2020.

| | Individual quarter for 3 months ended 31 January | | | | | | | |
|----------------------------------|--|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | Manufacturing | | Construction & PD | | Investment | | Total | |
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Revenue | 11,779 | 11,646 | 4,183 | 1,082 | 7 | 33 | 15,969 | 12,761 |
| Segment profit/(loss) before tax | (30) | 206 | 352 | 48 | 316 | 213 | 638 | 467 |
| Depreciation and amortisation | 1,039 | 946 | 2 | 1 | - | - | 1,041 | 947 |
| Capital investment | 1,903 | 2,475 | 1 | 21 | - | - | 1,904 | 2,496 |



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020

Segmental revenue and results (cont'd)

| | Manufacturing | | Cumulative 3 months ended 31 January | | | | Total | |
|----------------------------------|---------------|--------|--------------------------------------|-------|------------|------|--------|--------|
| | 2020 | 2019 | Construction & PD | | Investment | | 2020 | 2019 |
| | RM'000 | RM'000 | 2020 | 2019 | 2020 | 2019 | RM'000 | RM'000 |
| Revenue | 11,779 | 11,646 | 4,183 | 1,082 | 7 | 33 | 15,969 | 12,761 |
| Segment profit/(loss) before tax | (30) | 206 | 352 | 48 | 316 | 213 | 638 | 467 |
| Depreciation and amortisation | 1,039 | 946 | 2 | 1 | - | - | 1,041 | 947 |
| Capital investment | 1,903 | 2,475 | 1 | 21 | - | - | 1,904 | 2,496 |

Revenue shown above represents revenue generated from external customers.

Segment total asset is used to measure the return on assets of each segment. Segment liabilities information is neither included in the internal management reports nor provided regularly to the management. Hence, no disclosure is made on segment liability.

| | Manufacturing 31 Jan 2020 RM'000 | Construction & PD 31 Jan 2020 RM'000 | Investment 31 Jan 2020 RM'000 | Unallocated assets 31 Jan 2020 RM'000 | Total 31 Jan 2020 RM'000 |
|---------------|--|--|-------------------------------------|---|--------------------------------|
| Segment asset | 88,607 | 7,401 | 3,782 | - | 99,790 |
| | Manufacturing 31 Oct 2019 RM'000 | Construction & PD 31 Oct 2019 RM'000 | Investment 31 Oct 2019 RM'000 | Unallocated assets 31 Oct 2019 RM'000 | Total 31 Oct 2019 RM'000 |
| Segment asset | 88,584 | 6,754 | 3,809 | - | 99,147 |

The following is an analysis of the Group's revenue on the basis of geographical location of customers. Segmental assets are also based on the geographical locations of assets. The amounts of non-current assets do not include financial instruments and deferred tax assets

| | Asia | | | | Consolidated Total RM'000 |
|---------------------------------|--------------------|----------------------------|------------------|------------------|---------------------------------|
| | Malaysia RM'000 | Outside Malaysia RM'000 | Europe RM'000 | Others RM'000 | |
| Revenue from external customers | 12,381 | 2,179 | 1,099 | 310 | 15,969 |
| Non-current assets | 37,091 | - | - | - | 37,091 |

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020**9. Operating profit**

Operating profit is derived as:

| | Current Quarter 31 January 2020 (Unaudited) RM | Current Year to Date 31 January 2020 (Unaudited) RM |
|---|---|--|
| After charging: | | |
| Depreciation of property, plant and equipment | 1,039,939 | 1,039,939 |
| Depreciation of investment properties | 1,313 | 1,313 |
| Interest expense | 256,478 | 256,478 |
| Loss on foreign exchange – realised | 59,852 | 59,852 |
| Loss on fair value on other investments | 193,313 | 193,313 |
| And crediting: | | |
| Interest income | 122,229 | 122,229 |
| Gain on foreign exchange – unrealised | 10,479 | 10,479 |
| Gain on disposal of other investments | 502,265 | 502,265 |

10. Material post balance sheet events

There were no items, transactions or events of a material and unusual nature which have arisen from the balance sheet date to the date of announcement which would have substantially affected the results of the Group in this interim financial report.

11. Changes in Group's composition

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

12. Changes in contingent liabilities and assets

The Company has given corporate guarantees of RM33,754,000 (31 January 2019: RM35,054,000) as security for banking facilities granted to certain subsidiaries of which RM19,708,000 (31 January 2019: RM23,164,000) were utilised as at the end of the reporting period.

13. Capital commitments

| | 31 January 2020 RM'000 (Unaudited) |
|---|---|
| Capital expenditure commitments | |
| Plant & equipment | |
| - Contracted but not provided for in the financial statements | <u>722</u> |

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020**Part B: Additional Information Required by Bursa Malaysia Securities Berhad's Listing Requirements.****14. Review of performance for current quarter and preceding year corresponding quarter****Group performance**

| | Individual Quarter 3 months ended 31 January | | | | Cumulative Quarter 3 months ended 31 January | | | |
|-------------------------|---|--------|----------|-----|---|--------|----------|-----|
| | 2020 | 2019 | Variance | | 2020 | 2019 | Variance | |
| | RM'000 | RM'000 | RM'000 | (%) | RM'000 | RM'000 | RM'000 | (%) |
| Revenue | 15,969 | 12,761 | 3,208 | 25% | 15,969 | 12,761 | 3,208 | 25% |
| Profit before tax (PBT) | 638 | 467 | 171 | 37% | 638 | 467 | 171 | 37% |

In the current quarter ended 31 January 2020, the Group's revenue recorded an increase of RM3.21 million (up 25%) to RM15.97 million compared to RM12.76 million reported in the corresponding quarter of the preceding financial year. The growth in revenue was mainly driven by higher progress billings from construction & PD.

The Group achieved RM0.64 million in profit before tax; an increase of RM0.17 million (up 37%) against RM0.47 million reported in the corresponding quarter of the preceding financial year. This was largely attributed to higher profits from construction in line with the higher billings as well as gain realised from disposal of other investments in current quarter.

Segmental performance

| | Individual Quarter 3 months ended 31 January | | | | | | | | | | | |
|--------------------------|--|--------|----------|--------|-------------------|--------|----------|--------|------------|--------|----------|------|
| | Manufacturing | | | | Construction & PD | | | | Investment | | | |
| | 2020 | 2019 | Variance | | 2020 | 2019 | Variance | | 2020 | 2019 | Variance | |
| RM'000 | RM'000 | RM'000 | (%) | RM'000 | RM'000 | RM'000 | (%) | RM'000 | RM'000 | RM'000 | (%) | |
| Revenue | 11,779 | 11,646 | 133 | 1% | 4,183 | 1,082 | 3,101 | 287% | 7 | 33 | (26) | -79% |
| Profit/(Loss) before tax | (30) | 206 | (236) | -115% | 352 | 48 | 304 | 633% | 316 | 213 | 103 | -48% |

Manufacturing

Revenue was relatively flat and recorded a minor increase of RM0.13 million (up 1%). Profit before tax decreased RM0.24 million (-115%) largely due to gain from disposal of machinery in the corresponding quarter of preceding financial year and higher depreciation charges in the current quarter.

Construction & PD

Higher revenue achieved corresponds to progress of work completion for the construction project at Kuchai Lama, Kuala Lumpur. Higher profit before tax is largely in line with higher billings as well as improved margin due to lower material cost.

Investment

Revenue is driven by dividends received from other investments. The profit before tax was driven by realised gain on disposal offset by fair value loss on other investments as at 31 January 2020.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020

15. Commentaries on profit before tax for current quarter as compared with the immediate preceding quarter

Group performance

| | Current Year Quarter | | Immediate Preceding Quarter | | | |
|-------------------------|----------------------|--|-----------------------------|--|---------|------|
| | 31 Jan 2020 | | 31 Oct 2019 | | | |
| | RM'000 | | RM'000 | | | |
| Revenue | 15,969 | | 18,785 | | (2,816) | -15% |
| Profit before tax (PBT) | 638 | | 2,624 | | (1,986) | -76% |

The Group's current quarter revenue declined by RM2.82 million (down 15%) to RM15.97 million from RM18.79 million reported in the immediate preceding quarter. This was largely driven by lower revenue from both Manufacturing and Construction due to slower activities as a result of holidays over the year end and new year. The Group's PBT of RM0.64 million decreased by RM1.99 million (-76%) was a result of lower profits due to lower revenue aside from higher profit in Construction due to revised margin and higher gains from disposal of other investments captured in the immediate preceding quarter.

Segmental performance

| | Manufacturing | | | | Construction & PD | | | | Investment | | | |
|--------------------------|---------------|--------|-------------|-------|-------------------|--------|-------------|------|-------------|--------|-------------|------|
| | 31 Jan 2020 | | 31 Oct 2019 | | 31 Jan 2020 | | 31 Oct 2019 | | 31 Jan 2020 | | 31 Oct 2019 | |
| | RM'000 | RM'000 | RM'000 | (%) | RM'000 | RM'000 | RM'000 | (%) | RM'000 | RM'000 | RM'000 | (%) |
| Revenue | 11,779 | 13,352 | (1,573) | -12% | 4,183 | 5,406 | (1,223) | -23% | 7 | 27 | (20) | -74% |
| Profit/(Loss) before tax | (30) | 883 | (913) | -103% | 352 | 1,033 | (681) | -66% | 316 | 708 | (392) | -55% |

Manufacturing

Revenue decline RM1.57 million (down 12%) quarter over quarter due to lower customer orders with slower activities and holidays over the year end and beginning of the new year. Consequently, the segment recorded a loss before tax of RM0.03 million, down RM0.91 million (down 103%).

Construction & PD

Revenue decline RM1.22 million (down 23%) due to lesser work completed during the period. Profit before tax was lower due to lesser billings besides higher profit in the immediate preceding quarter due to project margin revision.

Investment

Revenue is driven by dividends received from investment in quoted shares. Profit before tax dropped due to lesser gain realised from disposal of other investments and further offset by loss due to fair value in the current quarter as compared to the immediate preceding quarter.

16. Prospects

Amidst the difficult operating environment and the recent Restricted Movement Order (RMO) announced by the government of Malaysia following the coronavirus pandemic, the Group expect near-term prospects on growth to be tough and challenging. Looking further ahead, the Group strives to stabilize and continue to fulfil all its customer orders through higher efficiency coupled with prudent cost control measures. As for Construction, the pace for our project at Kuchai lama is anticipated to ramp up with adoption of Industrialised Building System (IBS). The Board continue to be mindful of risks such as currency fluctuation and material shortages which may impact the Group's operation and its financial performance. Barring further unforeseen circumstances, the Board is cautiously optimistic that the Group's prospect shall remain favourable for the financial year ending 31 October 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020**17. Variance of profit forecast**

The Group did not publish any profit forecast for the period under review.

18. Tax expense

| | Individual Quarter | | Cumulative Quarter | |
|---|--|-------------------------------|--|-------------------------------|
| | 3 months ended 31 January 2020 RM'000 (Unaudited) | 2019 RM'000 (Unaudited) | 3 months ended 31 January 2020 RM'000 (Unaudited) | 2019 RM'000 (Unaudited) |
| Tax expense | | | | |
| - current year tax | - | 10 | - | 10 |
| - prior year tax | - | - | - | - |
| Deferred tax | | | | |
| - origination and reversal of temporary differences | - | - | - | - |
| - prior year | - | - | - | - |
| | <u>-</u> | <u>10</u> | <u>-</u> | <u>10</u> |

19. Status of corporate proposals

There were no significant corporate proposals for the current financial period to date.

20. Bank borrowings

The bank borrowings as at 31 January 2020 are as follows:

| | 31 January 2020 RM'000 (Unaudited) | 31 October 2019 RM'000 (Audited) |
|---------------------------|--|--|
| Current: | | |
| Finance lease liabilities | 905 | 931 |
| Fixed loan | <u>2,000</u> | <u>2,000</u> |
| Non-Current: | | |
| Finance lease liabilities | 1,026 | 1,232 |
| Fixed loan | <u>16,167</u> | <u>16,667</u> |

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2020**21. Changes in material litigation**

The Group is not engaged in any material litigation for the current financial year to date.

22. Proposed dividends

The Board of Directors do not recommend any interim dividend for the financial period ended 31 January 2020.

The Board of Directors has proposed a final single tier dividend of 1.0 sen per ordinary share in respect of financial year ended 31 October 2019 to be approved by the shareholders at the forthcoming 23rd Annual General Meeting which has been postponed to a later date to be announced in due course pursuant to the Restricted Movement Order (RMO) announced by the government of Malaysia.

23. Earnings per share***Basic earnings per share***

Basic earnings per share is calculated by dividing the net profit for the quarter/period by the weighted average number of ordinary shares during the financial quarter/period.

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|---------|---------------------------|---------|
| | 3 months ended 31 January | | 3 months ended 31 January | |
| | 2020 | 2019 | 2020 | 2019 |
| Net profit attributable to shareholders (RM'000) | 639 | 458 | 639 | 458 |
| Weighted average number of ordinary shares in issue ('000) | 112,792 | 113,740 | 112,792 | 113,740 |
| Basic earnings per ordinary share (Sen) | 0.57 | 0.40 | 0.57 | 0.40 |

24. Related party transactions

There were no significant related party transactions during the quarter and period under review save for:

| | Mandate limit | Individual Quarter | | Cumulative Quarter | |
|---|---------------|-----------------------|--------|-----------------------|--------|
| | | 3 months ended 31 Jan | | 3 months ended 31 Jan | |
| | RM'000 | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental charges paid to a company controlled by a Director and major shareholder of the Company | 16 | 4 | 4 | 4 | 4 |
| Project management fee paid to a company controlled by a Director and major shareholder of the Company | 1,539 | 385 | 385 | 385 | 385 |
| Rental charges of machineries and equipment paid to a company controlled by a Director and major shareholder of the Company | - | 43 | - | 43 | - |

By order of the board

Yong Loy Huat
Chief Executive Officer
25 March 2020