



**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 2021**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Jan 21 (RM'000)	PRECEDING YEAR CORRESPONDING QUARTER 31 Jan 20 (RM'000)	CURRENT YEAR TO DATE 31 Jan 21 (RM'000)	PRECEDING YEAR CORRESPONDING TO DATE 31 Jan 20 (RM'000)
Continuing operations				
Revenue	24,787	15,969	24,787	15,969
Operating Profit/(Loss)	3,429	772	3,429	772
Finance costs	(158)	(256)	(158)	(256)
Interest income	102	122	102	122
Share of profit/(loss) in associates after tax	(328)	-	(328)	-
Profit before tax	3,045	638	3,045	638
Tax Expense	(1,036)	-	(1,036)	-
Profit/(Loss) for the period	2,009	638	2,009	638
Other comprehensive income/(expense), net of tax	-	-	-	-
Total comprehensive income/(expense)	2,009	638	2,009	638
Profit/(Loss) for the year representing total comprehensive income/(expenses) for the year attributable to:				
Owners of the Company	2,011	639	2,011	639
Non-Controlling interest	(2)	(1)	(2)	(1)
	2,009	638	2,009	638
Basic earnings/losses per ordinary share (sen) - Note 23	1.81	0.57	1.81	0.57

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 2020 and the accompanying explanatory notes set out on pages 5 to 13 which forms an integral part of this interim financial report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

		Unaudited As at end of current quarter 31 Jan 2021 RM'000	Audited As at preceding financial year end 31 Oct 2020 RM'000
	Note		
ASSETS			
Property, plant and equipment		30,311	31,034
Right-of-use assets		3,545	3,591
Investment properties		495	497
Investment in associates		8,288	8,616
Deferred Tax assets		3,260	3,313
Total non-current assets		<u>45,899</u>	<u>47,051</u>
Inventories		10,883	10,651
Trade and other receivables		26,343	22,475
Other investments		2,307	2,662
Current tax assets		303	263
Fixed deposits placed with licensed banks		643	6,327
Cash and cash equivalents		19,710	13,862
Total current assets		<u>60,189</u>	<u>56,240</u>
Total Assets		<u>106,088</u>	<u>103,291</u>
EQUITY			
Share capital		57,909	57,909
Treasury shares		(1,862)	(1,862)
Reserves		15,136	13,125
Total equity equitable to equity holders of the Company		<u>71,183</u>	<u>69,172</u>
Non-controlling interest		32	34
Total Equity		<u>71,215</u>	<u>69,206</u>
LIABILITIES			
Loans and borrowings	20	14,347	15,008
Lease liabilities		-	32
Total non-current liabilities		<u>14,347</u>	<u>15,040</u>
Trade and other payables		16,418	15,779
Loans and borrowings	20	2,672	2,670
Lease liabilities		174	189
Current tax liabilities		1,262	407
Total current liabilities		<u>20,526</u>	<u>19,045</u>
Total Liabilities		<u>34,873</u>	<u>34,085</u>
Total Equity and Liabilities		<u>106,088</u>	<u>103,291</u>
Net asset per share attributable to ordinary equity holders of the Company (RM)		<u>0.64</u>	<u>0.62</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2020 and the accompanying explanatory notes set out on pages 5 to 13 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 2021**

(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
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3 months ended 31 January 2021 (Unaudited)

At 1 November 2020	57,909	(1,862)	13,125	69,172	34	69,206
Total comprehensive income for the period	-	-	2,011	2,011	(2)	2,009
Total comprehensive income/(expenses) for the period	57,909	(1,862)	15,136	71,183	32	71,215
Purchase of treasury shares	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-
At 31 January 2021	57,909	(1,862)	15,136	71,183	32	71,215

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

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2020 and the accompanying explanatory notes set out on pages 5 to 13 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 2021**

	Unaudited 31 Jan 2021 RM'000	Unaudited 31 Jan 2020 RM'000	
Profit before tax from continuing operations	3,045	638	
Adjustments for:			
Non-cash items	1,714	1,235	
Non-operating items	37	(376)	
Operating profit before changes in working capital	4,796	1,497	
Changes in working capital			
- Net changes in current assets	(4,099)	(2,204)	
- Net changes in current liabilities	640	916	
Dividend received	19	7	
Tax (paid)/refund	(169)	(69)	
Net cash from operating activities	1,187	147	
Cash flow from investing activities			
- Purchase of machinery and equipment (Note 1)	(261)	(1,904)	
- Addition of other investments	-	(528)	
- Proceeds from disposal of other investments	-	1,642	
- Withdrawal of fixed deposits	5,684	10,000	
- Interest received	102	122	
Net cash (used in)/from investing activities	5,525	9,332	
Cash flow from financing activities			
- Repayment of other payable	-	(116)	
- Payment of hire purchase creditors	(160)	(187)	
- Payment of lease liabilities	(46)	(45)	
- Repayment of term loan	(500)	(500)	
- Interest paid	(158)	(256)	
Net cash (used in)/from financing activities	(864)	(1,104)	
Net (decrease)/increase in cash and cash equivalents	5,848	8,375	
Cash and cash equivalents at beginning of financial period	13,862	20,967	
Cash and cash equivalents at end of financial period	19,710	29,342	
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	13,929	27,070
Cash and bank balances	RM'000	5,781	2,272
		19,710	29,342

Note 1

During the financial period ended 31 January 2021, the Group acquired plant and equipment with an aggregate cost of RM261,000 (31 January 2020: RM1,904,000) of which RM261,000 was paid by cash (31 January 2020: RM1,904,000 by cash). There were no acquisition by means of finance leases (31 January 2020: RM nil).

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 October 2020 and the accompanying explanatory notes set out on pages 5 to 13 which forms an integral part of this interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021

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 2020 (“FYE20”). 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 FYE20 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 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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 2020.

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 2021**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 2021 are as follow:

	Number of shares	Total Amount (RM)
Balance of treasury shares as at 1 November 2020	3,810,700	1,861,847
Shares bought back during the period	-	-
Balance of treasury shares as at 31 January 2021	3,810,700	1,861,847

7. Dividends paid

No dividend was paid during the financial period ended 31 January 2021.

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 2021.

	Individual quarter for 3 months ended 31 January							
	Manufacturing		Construction & PD		Investment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,989	11,779	14,779	4,183	19	7	24,787	15,969
Segment profit/(loss) before tax	(180)	(30)	3,629	352	(404)	316	3,045	638
Depreciation and amortisation	1,028	1,039	3	2	-	-	1,031	1,041
Capital investment	261	1,903	-	1	-	-	261	1,904



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021

Segmental revenue and results (cont'd)

	Manufacturing		Cumulative 3 months ended 31 January				Total	
	2021	2020	Construction & PD		Investment		2021	2020
	RM'000	RM'000	2021	2020	2021	2020	RM'000	RM'000
Revenue	9,989	11,779	14,779	4,183	19	7	24,787	15,969
Segment profit/(loss) before tax	(180)	(30)	3,629	352	(404)	316	3,045	638
Depreciation and amortisation	1,028	1,039	3	2	-	-	1,031	1,041
Capital investment	261	1,903	-	1	-	-	261	1,904

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 2021 RM'000	Construction & PD 31 Jan 2021 RM'000	Investment 31 Jan 2021 RM'000	Unallocated assets 31 Jan 2021 RM'000	Total 31 Jan 2021 RM'000
Segment asset	74,631	29,026	2,431	-	106,088

	Manufacturing 31 Oct 2020 RM'000	Construction & PD 31 Oct 2020 RM'000	Investment 31 Oct 2020 RM'000	Unallocated assets 31 Oct 2020 RM'000	Total 31 Oct 2020 RM'000
Segment asset	75,787	24,819	2,685	-	103,291

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	22,433	1,313	642	399	24,787
Non-current assets	34,351	-	-	-	34,351

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021**9. Operating profit**

Operating profit is derived as:

	Current Quarter 31 January 2021 (Unaudited) RM	Current Year to Date 31 January 2021 (Unaudited) RM
After charging:		
Depreciation of property, plant and equipment	983,305	983,305
Depreciation right-of-use assets	46,098	46,098
Depreciation of investment properties	1,313	1,313
Interest expense	158,323	158,323
Loss on foreign exchange – realised	81,892	81,892
Loss on foreign exchange – unrealised	74,294	74,294
Loss on fair value on other investments	355,000	355,000
And crediting:		
Interest income	102,101	102,101

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 RM34,154,000 (31 January 2020: RM33,754,000) as security for banking facilities granted to certain subsidiaries of which RM17,019,000 (31 January 2020: RM19,708,000) were utilised as at the end of the reporting period.

13. Capital commitments

	31 January 2021 RM'000 (Unaudited)
Capital expenditure commitments	
Plant & equipment	
- Contracted but not provided for in the financial statements	47

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021**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			
	2021	2020	Variance		2021	2020	Variance	
	RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)
Revenue	24,787	15,969	8,818	55%	24,787	15,969	8,818	55%
Profit before tax (PBT)	3,045	638	2,407	377%	3,045	638	2,407	377%

The Group achieved revenue of RM24.79 million in the quarter ended 31 January 2021; RM8.82 million higher (up 55%) compared to RM15.97 million reported in the same quarter of the preceding financial year. This was primarily driven by higher progress billing from Construction offset by lower sales from Manufacturing.

The Group's profit before tax grew RM2.41 million (up 377%) to approximately RM3.05 million against RM0.64 million reported in the same quarter of the preceding financial year. The higher profit was contributed by greater billings from Construction offset by losses from Investment due to fair value contraction and losses from Manufacturing due to unfavourable US Dollar exchange rates.

Segmental performance

	Individual Quarter 3 months ended 31 January											
	Manufacturing				Construction & PD				Investment			
	2021	2020	Variance		2021	2020	Variance		2021	2020	Variance	
RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)	
Revenue	9,989	11,779	(1,790)	-15%	14,779	4,183	10,596	253%	19	7	12	171%
Profit/(Loss) before tax	(180)	(30)	(150)	-500%	3,629	352	3,277	931%	(404)	316	(720)	-228%

Manufacturing

Revenue decrease by RM1.79 million (down 15%) due to inventory build-up by customers in the same quarter of the preceding financial year. Loss before tax increased marginally to RM0.18 million (down 500%) due to unfavourable US Dollar exchange rates.

Construction & PD

The construction project at Kuchai Lama continues to show encouraging progress achieving billings of RM14.78 million, an increase of approximately RM10.60 million (up 253%). The segment's profit before tax grew to RM3.63 million (up 931%) as a result of the greater billings.

Investment

Revenue is driven by dividends received from other investments. Loss before tax was attributed to fair value losses as at 31 January 2021. Contributing in part to the variance of RM0.72 million was also gain from disposal of investment achieved in the same quarter of the preceding financial year.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021

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

Group performance

	Current Year Quarter		Immediate Preceding Quarter		Variance	
	31 Jan 2021		31 Oct 2020		RM'000 (%)	
	RM'000		RM'000			
Revenue	24,787		24,672		115	0%
Profit before tax (PBT)	3,045		841		2,204	262%

The Group recorded marginal revenue growth of RM0.12 million in the current quarter raising it to RM24.79 million relative to RM24.67 million reported in the immediate preceding quarter. The growth was driven by greater progress billing from Construction offset by lower sales from Manufacturing.

Profit before tax increased RM2.20 million (up 262%) to RM3.05 million due to higher profit contribution from Construction as well as narrowed losses from Manufacturing due to better margins from favorable product mix offset by fair value contraction from Investment.

Segmental performance

	Manufacturing				Construction & PD				Investment			
	31 Jan 2021		31 Oct 2020		31 Jan 2021		31 Oct 2020		31 Jan 2021		31 Oct 2020	
	RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)
Revenue	9,989	10,856	(867)	-8%	14,779	13,816	963	7%	19	-	19	100%
Profit/(Loss) before tax	(180)	(1,083)	903	83%	3,629	1,687	1,942	115%	(404)	237	(641)	-270%

Manufacturing

Revenue dropped RM0.87 million (down 8%) due to decline in customer demand typically observed during year end besides depletion of stock build ups prior to minimize impact of the Movement Control Order (MCO). Despite lower sales, Manufacturing narrowed its pre-tax losses to RM0.18 million relative to RM1.08 million reported in the immediate preceding quarter due to better margins from favorable product mix.

Construction & PD

The project at Kuchai Lama continue to march towards completion as revenue increase RM0.96 million (up 7%) in line with progress. As a result, the segment achieved profit before tax of RM3.63 million (up 115%).

Investment

Revenue was driven by dividends received from other investments. The pre-tax losses variance of RM0.64 million was due to fair value contraction in the current quarter and in part driven by fair value gains recognised in the immediate preceding quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021**16. Prospects**

The Covid-19 pandemic has resulted in high uncertainty in the global and domestic economic environment. Although there are signs of optimism and recovery with the gradual easing of lockdown measures further supported by the deployment of vaccines, we continue to face a difficult operating environment brought about by other global issues such as logistic and supply chain delays as well as rising cost of raw materials. Nonetheless, the Group remains focused on its core business to meet customer demands and deliver on cost and operational efficiencies. As we strive for customer base diversification and revenue growth in Manufacturing, we are also seeking out new opportunities for expansion in Construction & PD segment to complement and grow our shareholders' value. Premised on the above and barring any unforeseen circumstances, the Board is cautiously optimistic that the Group's prospect shall remain favourable for the financial year ending 31 October 2021.

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 2021	2020	3 months ended 31 January 2021	2020
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Tax expense				
- current year tax	983	-	983	-
- prior year tax	-	-	-	-
Deferred tax				
- origination and reversal of temporary differences	53	-	53	-
- prior year	-	-	-	-
	<u>1,036</u>	<u>-</u>	<u>1,036</u>	<u>-</u>

19. Status of corporate proposals

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021**20. Bank borrowings**

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

	31 January 2021	31 October 2020
	RM'000	RM'000
	(Unaudited)	(Audited)
Current:		
Hire purchase creditors	672	670
Term loan	2,000	2,000
	<u>2,672</u>	<u>2,670</u>
Non-Current:		
Hire purchase creditors	180	341
Term loan	14,167	14,667
	<u>14,347</u>	<u>15,008</u>

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 2021.

The Board of Directors proposed a final single tier dividend of 0.50 sen per ordinary share in respect of financial year ended 31 October 2020 has been approved by the shareholders at the 24th Annual General Meeting conducted virtually on even date. The dividend is to be paid on 7 May 2021 to the registered shareholders at the close of business on 16 April 2021.

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	
	2021	2020	2021	2020
Net profit attributable to shareholders (RM'000)	2,011	639	2,011	639
Weighted average number of ordinary shares in issue ('000)	110,799	112,792	110,799	112,792
Basic earnings per ordinary share (Sen)	1.81	0.57	1.81	0.57

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THREE MONTHS ENDED 31 JANUARY 2021**24. Related party transactions**

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

Paid to a company controlled by a Director and major shareholder of the Company	Mandate	Individual Quarter		Cumulative Quarter	
	limit*	3 months ended 31 Jan		3 months ended 31 Jan	
		2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Rental charges	16	4	4	4	4
Project management fee	1,600	186	385	186	385
Rental charges of machineries and equipment	-	63	43	63	43

*Note: Mandate was renewed and approved in the 23rd Annual General Meeting (AGM) held on 22 July 2020.

By order of the board

Yong Loy Huat
Chief Executive Officer
25 March 2021