



**Interim Financial Statement
For the Financial Year Ended 31 December 2016**

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Continuing Operations				
Revenue	8,309	9,258	20,585	33,232
Cost of sales	(1,179)	(3,459)	(5,293)	(9,704)
Gross Profit	7,130	5,799	15,292	23,528
Other operating income	3,505	7,000	3,534	7,352
Administrative and general expenses	(5,473)	(2,664)	(16,934)	(13,324)
Sales and marketing expenses	12	(507)	(681)	(2,031)
Profit from operations	5,174	9,628	1,211	15,525
Interest income	-	97	113	471
Interest expense	(139)	8	(181)	(332)
Profit before taxation	5,035	9,733	1,143	15,664
Tax expense	(14)	(1,100)	153	(2,228)
Profit after taxation from Continuing Operations	5,021	8,633	1,296	13,436
Discontinued Operations				
Profit after taxation from Discontinued Operations	-	-	-	1,509
Profit after taxation	5,021	8,633	1,296	14,945
Attributable to:				
Owners of the parent	5,429	5,385	1,854	11,543
Non-controlling interests	(408)	3,248	(558)	3,402
	5,021	8,633	1,296	14,945
Basic earnings per share attributable to equity holders of the parent:				
Continuing Operations	9.56	9.40	3.27	20.74
Discontinued Operations	-	1.82	-	0.08
	9.56	11.23	3.27	20.82

The above 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 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the Financial Year Ended 31 December 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit after taxation for the period	5,021	8,633	1,296	14,945
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income	<u>5,021</u>	<u>8,633</u>	<u>1,296</u>	<u>14,945</u>
Total comprehensive income attributable to:				
Owners of the parent	5,429	5,385	1,854	11,543
Non-controlling interests	(408)	3,248	(558)	3,402
	<u>5,021</u>	<u>8,633</u>	<u>1,296</u>	<u>14,945</u>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

Unaudited Condensed Consolidated Statements of Financial Position**For the Financial Year Ended 31 December 2016**

	AS AT 31.12.2016 RM' 000 Unaudited	AS AT 31.12.2015 RM' 000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	24,792	2,211
Land held for development	62,184	-
Investment property	28,000	28,000
Intangible assets	626	651
Goodwill	2,722	-
	<u>118,324</u>	<u>30,862</u>
Current assets		
Inventories	229,196	59,609
Trade receivables	6,035	21,032
Other receivables, deposits and prepayments	14,162	3,024
Current tax assets	950	199
Short term fund	78	15,599
Deposit with a licensed bank	1,000	-
Cash and bank balances	2,963	1,266
	<u>254,384</u>	<u>100,729</u>
TOTAL ASSETS	<u>372,708</u>	<u>131,591</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	84,234	55,440
Share premium	69,486	25,591
Retained earnings	23,075	21,221
	<u>176,795</u>	<u>102,252</u>
Non-controlling interests	4,724	5,298
Total equity	<u>181,519</u>	<u>107,550</u>
Non-current liabilities		
Deferred tax liabilities	3,728	406
Long term borrowings	115,528	13,311
	<u>119,256</u>	<u>13,717</u>
Current liabilities		
Trade payables	19,189	1,393
Other payables and accruals	43,230	8,340
Short term borrowings	9,442	84
Current tax liabilities	72	507
	<u>71,933</u>	<u>10,324</u>
Total liabilities	<u>191,189</u>	<u>24,041</u>
TOTAL EQUITY AND LIABILITIES	<u>372,708</u>	<u>131,591</u>
Net assets per share attributable to equity holders of the Company (RM)	2.10	1.84

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Year Ended 31 December 2016**

	← Attributable to Owners of the Parent →						Non- controlling interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Retained earnings RM'000	Total RM'000			
As at 1 January 2015	55,440	25,591	2,609	7,069	90,709	1,846	92,555	
Changes in subsidiaries' ownership interest	-	-	(2,609)	2,609	-	-	-	
Acquisition of subsidiaries	-	-	-	-	-	50	50	
Total comprehensive income	-	-	-	11,543	11,543	3,402	14,945	
As at 31 December 2015	<u>55,440</u>	<u>25,591</u>	<u>-</u>	<u>21,221</u>	<u>102,252</u>	<u>5,298</u>	<u>107,550</u>	
As at 1 January 2016	55,440	25,591	-	21,221	102,252	5,298	107,550	
Total comprehensive income	-	-	-	1,854	1,854	(558)	1,296	
Issuance of shares	28,794	44,631	-	-	73,425	-	73,425	
Acquisition of subsidiary companies	-	-	-	-	-	(13)	(13)	
Partially disposed a subsidiary to non-controlling interest	-	-	-	-	-	(3)	(3)	
Corporate exercise expenses	-	(736)	-	-	(736)	-	(736)	
As at 31 December 2016	<u>84,234</u>	<u>69,486</u>	<u>-</u>	<u>23,075</u>	<u>176,795</u>	<u>4,724</u>	<u>181,519</u>	

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(Incorporated in Malaysia)
(Company no: 484964-H)

Unaudited Condensed Consolidated Statement of Cash Flow
For the Financial Year Ended 31 December 2016

	<u>Cumulative Quarter</u>	
	31.12.2016	31.12.2015
	RM' 000	RM' 000
Profit before taxation		
Continuing Operations	1,143	15,664
Discontinued Operations	-	2,053
	<u>1,143</u>	<u>17,717</u>
<u>Adjustments for :</u>		
Non-cash items	2,118	2,980
Non-operating items	(3,606)	(8,606)
Total adjustment	<u>(1,488)</u>	<u>(5,626)</u>
Operating cash flow before changes in working capital	(345)	12,091
<u>Changes in working capital</u>		
Changes in inventories	(13,063)	(7,263)
Changes in land held for development	(14,383)	-
Changes in trade and other receivables	15,045	7,270
Changes in trade and other payables	8,016	12,047
Total changes in working capital	<u>(4,385)</u>	<u>12,054</u>
Cash flow (used in)/from operations	(4,730)	24,145
Interest paid	(181)	(403)
Tax paid	(1,031)	(2,240)
Net cash flows (used in)/from operating activities	<u>(5,942)</u>	<u>21,502</u>
<u>Investing activities</u>		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(13,401)	(31,037)
Net cash flow from the disposal of subsidiaries	-	(1,518)
Interest received	113	516
Proceeds from disposal of plant and equipment	-	22
Increase in intangible assets	(25)	-
Purchase of plant and equipment	(515)	(1,882)
Net cash flows used in investing activities	<u>(13,828)</u>	<u>(33,899)</u>
<u>Financing activities</u>		
Corporate exercise expenses paid	(736)	-
Proceeds from issuance of ordinary shares	73,425	-
Repayment to directors	(78,293)	-
Repayment to a related party	(1,142)	-
Government grant received	-	30
Repayment of finance leases	(210)	(475)
Drawdown of term loans	26,041	-
Repayment to term loans	(13,139)	(12,103)
Net cash flows from/(used in) financing activities	<u>5,946</u>	<u>(12,548)</u>
Net decrease in cash and cash equivalents	(13,824)	(24,945)
Cash and cash equivalents at beginning of year	16,865	41,810
	<u>3,041</u>	<u>16,865</u>
<u>Composition of cash and cash equivalents:</u>		
Short term fund	78	15,599
Cash & bank balances	2,963	1,266
Cash and cash equivalents at end of period	<u>3,041</u>	<u>16,865</u>

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

The significant accounting policies adopted in the preparation the unaudited interim financial report are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 December 2014 except for the adoption of all MFRSs which are in effective and the following new MFRSs and Interpretations and amendments to certain MFRSs and Interpretations with effect from 1 January 2016.

	Effective for financial periods beginning on or after
MFRSs and Amendments to MFRSs	
MFRS 14 Regulatory Deferral Accounts	01 January 2016
Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - <i>Investment Entities: Applying the Consolidation Exception</i>	01 January 2016
Amendments to MFRS 11 Joint Arrangements - <i>Accounting for Acquisitions of Interests in Joint Operations</i>	01 January 2016
Amendments to MFRS 101 Presentation of Financial Statements - <i>Disclosure Initiative</i>	01 January 2016
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	01 January 2016
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - <i>Bearer Plants</i>	01 January 2016
Amendments to MFRS 127 Consolidated and Separate Financial Statements - <i>Equity Method in Separate Financial Statements</i>	01 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	01 January 2016

The adoption of the all and above pronouncement did not have any significant impact on the financial statements of the Group.

A1. Basis of Preparation (Cont'd)

As at the date of authorisation of the unaudited interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations (Cont'd)	Effective for financial periods beginning on or after
Amendments to MFRS 107: Disclosure Initiative	01 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycles - Amendments to MFRS 12: Clarification of the Scope of Standard	01 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	01 January 2018
MFRS 9 Financial Instruments (International Financing Reporting Standards ("IFRS") 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	01 January 2018
MFRS 15: Revenue from Contracts with Customers	01 January 2018
Amendments to MFRS 15: Effective Date of MFRS 15	01 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	01 January 2018
Amendments to MFRS 140: Transfers of Investment Property	01 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	01 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles - Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters - Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	01 January 2018
MFRS 16: Leases	01 January 2019
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred until further notice

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have significant impact to the financial statements of the Group except for the following MFRSs where the Group is currently assessing their potential impacts.

(i) *MFRS 15: Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(ii) *MFRS 9: Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

A2. Valuation of Property, Plant and Equipment and Investment Properties

There were no changes in the valuation on property, plant and equipment and investment properties in the current quarter under review.

A3. Seasonal or Cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A5. Changes in Estimates

There were no changes in estimates that have had any material effect on the result for the current financial quarter and financial period under review.

A6. Debt and Equity Securities

During the current quarter, the Company increased its issued and paid-up share capital from RM55,440,000 to RM84,234,328 by the allotment of 28,794,328 new ordinary shares of RM1.00 each at an issue price of RM2.55 per ordinary share for the acquisition of shares in Andaman Daya Sdn. Bhd. ("ADSB"), Fidelity Ventures Sdn. Bhd. ("FVSB") and USAS Management Sdn. Bhd. ("UMSB") as well as assumption of advances in FVSB's wholly-owned subsidiary, Joyview Properties Sdn. Bhd. and assumption of advances in UMSB. There were no repurchases and repayments of debt and equity securities during the financial quarter and financial year under review.

A7. Dividend Paid

No dividend was paid during the current financial quarter and previous corresponding quarter.

A8. Segmental Information

	Properties RM'000	Food RM'000	Others RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
Results for 3 months ended 31 December 2016						
<u>Revenue</u>						
External	7,692	617	-	8,309	-	8,309
Inter-segment	1,200	-	778	1,978	-	1,978
	<u>8,892</u>	<u>617</u>	<u>778</u>	<u>10,287</u>	<u>-</u>	<u>10,287</u>
Consolidated adjustments and elimination				(1,978)	-	(1,978)
Consolidated revenue				<u>8,309</u>	<u>-</u>	<u>8,309</u>
<u>Results</u>						
Results before the following adjustments	(3,027)	(337)	(1,988)	(5,352)	-	(5,352)
Consolidated adjustments and elimination	6,795	-	1,621	8,416	-	8,416
Amortisation of intangible asset	-	(13)	-	(13)	-	(13)
Depreciation of property, plant and equipment	(107)	(110)	(1)	(218)	-	(218)
Direct operating expenses on investment property	(145)	-	-	(145)	-	(145)
Impairment loss on inventories	(1,004)	-	-	(1,004)	-	(1,004)
Bargain purchase gain	3,490	-	-	3,490	-	3,490
Segment results	<u>6,002</u>	<u>(460)</u>	<u>(368)</u>	<u>5,174</u>	<u>-</u>	<u>5,174</u>
Finance costs				(139)	-	(139)
Income tax expense				(14)	-	(14)
Consolidated profit after taxation				<u>5,021</u>	<u>-</u>	<u>5,021</u>

A8. Segmental Information (Cont'd)

	Properties RM'000	Food RM'000	Others RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
Results for 3 months ended 31 December 2015						
<u>Revenue</u>						
External	8,559	704	(5)	9,258	-	9,258
Inter-segment	1,671	2	(135)	1,538	-	1,538
	<u>10,230</u>	<u>706</u>	<u>(140)</u>	<u>10,796</u>	<u>-</u>	<u>10,796</u>
Consolidated adjustments and elimination				(1,538)	-	(1,538)
Consolidated revenue				<u>9,258</u>	<u>-</u>	<u>9,258</u>
<u>Results</u>						
Results before the following adjustments	2,653	(215)	89	2,527	-	2,527
Consolidated adjustments and elimination	521	11	126	658	-	658
Amortisation of intangible asset	-	(12)	-	(12)	-	(12)
Depreciation of property, plant and equipment	(49)	(95)	-	(144)	-	(144)
Direct operating expenses on investment property	(398)	-	-	(398)	-	(398)
Gain on disposal of equipment	-	(3)	-	(3)	-	(3)
Fair value on gain on revaluation of investment properties	7,000	-	-	7,000	-	7,000
Segment results	<u>9,727</u>	<u>(314)</u>	<u>215</u>	<u>9,628</u>	<u>-</u>	<u>9,628</u>
Interest income				97	-	97
Finance costs				8	-	8
Income tax expense				(1,100)	-	(1,100)
Consolidated profit after taxation				<u>8,633</u>	<u>-</u>	<u>8,633</u>
Results for 12 months ended 31 December 2016						
<u>Revenue</u>						
External	17,897	2,598	90	20,585	-	20,585
Inter-segment	7,050	-	2,967	10,017	-	10,017
	<u>24,947</u>	<u>2,598</u>	<u>3,057</u>	<u>30,602</u>	<u>-</u>	<u>30,602</u>
Consolidated adjustments and elimination				(10,017)	-	(10,017)
Consolidated revenue				<u>20,585</u>	<u>-</u>	<u>20,585</u>
<u>Results</u>						
Results before the following adjustments	(3,538)	(1,395)	(2,343)	(7,276)	-	(7,276)
Consolidated adjustments and elimination	6,845	-	1,512	8,357	-	8,357
Amortisation of intangible asset	(2)	(49)	-	(51)	-	(51)
Depreciation of property, plant and equipment	(421)	(439)	(4)	(864)	-	(864)
Direct operating expenses on investment property	(1,410)	-	-	(1,410)	-	(1,410)
Impairment on goodwill	(31)	-	-	(31)	-	(31)
Impairment loss on inventories	(1,004)	-	-	(1,004)	-	(1,004)
Bargain purchase gain	3,490	-	-	3,490	-	3,490
Segment results	<u>3,929</u>	<u>(1,883)</u>	<u>(835)</u>	<u>1,211</u>	<u>-</u>	<u>1,211</u>
Interest income				113	-	113
Finance costs				(181)	-	(181)
Income tax expense				153	-	153
Consolidated profit after taxation				<u>1,296</u>	<u>-</u>	<u>1,296</u>

A8. Segmental Information (Cont'd)

	Properties	Food	Others	Continuing Operations	Discontinued Operations	Total
Results for 12 months ended 31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External	31,645	1,522	65	33,232	14,470	47,702
Inter-segment	7,645	15	1,412	9,072	1,967	11,039
	<u>39,290</u>	<u>1,537</u>	<u>1,477</u>	<u>42,304</u>	<u>16,437</u>	<u>58,741</u>
Consolidated adjustments and elimination				(9,072)	(1,967)	(11,039)
Consolidated revenue				<u>33,232</u>	<u>14,470</u>	<u>47,702</u>
Results						
Results before the following adjustments	12,413	(737)	9,212	20,888	1,996	22,884
Consolidated adjustments and elimination	541	-	(11,425)	(10,884)	2	(10,882)
Amortisation of intangible asset	-	(49)	-	(49)	-	(49)
Depreciation of property, plant and equipment	(172)	(177)	(3)	(352)	(668)	(1,020)
Direct operating expenses on investment property	(1,402)	-	-	(1,402)	-	(1,402)
Fair value gain on revaluation on investment properties	7,000	-	-	7,000	-	7,000
Bargain purchase gain	324	-	-	324	-	324
Unrealised gain on foreign exchange	-	-	-	-	766	766
Segment results	<u>18,704</u>	<u>(963)</u>	<u>(2,216)</u>	<u>15,525</u>	<u>2,096</u>	<u>17,621</u>
Interest income				471	45	516
Finance costs				(332)	(88)	(420)
Income tax expense				(2,228)	(544)	(2,772)
Consolidated profit after taxation				<u>13,436</u>	<u>1,509</u>	<u>14,945</u>

A9. Material Events Subsequent to The End of Interim Period

There is no material event subsequent to the end of the financial period.

A10. Changes in Composition of the Group

- On 1 March 2016, HCK Properties Sdn. Bhd. ("HCK Properties") subscribed for 51 ordinary shares of RM1 each representing 51% equity interest in Oval Bridge Sdn. Bhd. ("Oval Bridge") for a total cash consideration of RM51;
- On 1 March 2016, Oval Bridge subscribed for 67 ordinary shares of RM1 each representing 67% equity interest in Koridor Efektif Sdn. Bhd. for a total cash consideration of RM67;
- On 11 March 2016, HCK Properties subscribed for 700 ordinary shares of RM1 each representing 70% equity interest in HCK Premier Builders Sdn. Bhd. for a total cash consideration of RM700;
- On 3 May 2016, the Company subscribed for 25 ordinary shares of RM1 each representing 25% equity interest in Great Intend Sdn. Bhd. for a total consideration of RM25;
- On 1 July 2016, a wholly-owned subsidiary, HCK Capital Holdings Sdn. Bhd. acquired the entire equity interest in HCK Education Sdn. Bhd. for a total cash consideration of RM2;
- On 15 July 2016, HCK Properties Sdn. Bhd. acquired the entire equity interest in SA Alliances Sdn. Bhd. (formerly known as Viva Rising Sdn. Bhd.) for a total cash consideration of RM2;
- On 27 July 2016, HCK Properties Sdn. Bhd. has acquired 300,000 ordinary shares representing 75% equity interest in Oscar Springs Development Sdn. Bhd. for a total consideration of RM1 from its subsidiary company, Aspen Entity Sdn. Bhd.. These acquire and disposal in a subsidiary company did not have any financial impact to the Group's financial results;

A10. Changes in Composition of the Group (Cont'd)

- (g) On 19 September 2016, HCK Properties Sdn. Bhd. subscribed for 1 ordinary shares of RM1 each representing 50% equity interest in Binary Binajaya Sdn. Bhd. for a total cash consideration of RM1; and
- (h) On 16 December 2016, HCK Properties Sdn. Bhd. had completed:
- (i) the acquisition of 15,000,000 ordinary shares in ADSB, representing 100% of the equity interest for a total purchase consideration of RM11,581,039 via the issuance of 4,541,583 new company share ("HCK") share at an issue price of RM2.55 per HCK share;
 - (ii) the acquisition of 2,500,000 share in FVSB, representing 100% of the equity interest in FVSB and the assumption of advances owing to a director of FVSB's wholly-owned subsidiary company, Joyview Properties Sdn. Bhd., ("JPSB") for a total consideration of RM57,130,500 via the issuance of 898,242 new HCK shares of RM2.55 per HCK share and the assumption of advances owing to a director of JPSB, RM54,839,983 ("Advances in JPSB") via the issuance of 21,505,875 new HCK shares at an issue price of RM2.55 per HCK share; and
 - (iii) the acquisition of 2 ordinary shares in UMSB, representing 100% of the equity interest for a total purchase consideration of RM2 via and the assumption of advances owing to a director of UMSB for a total consideration of RM4,714,000 via the issuance of 1,848,628 new HCK shares at an issue price of RM2.55 per HCK share.

A11. Changes in Contingent Assets and Contingent Liabilities

There were no changes in contingent assets and contingent liabilities since the end of the previous financial year.

A12. Capital Commitments

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
<u>Authorised but not contracted for:</u>		
Motor vehicles	-	833
<u>Contracted but not provided for:</u>		
Acquisition of remaining equity interest in a subsidiary	700	1,000
Purchase of a piece of leasehold land	7,796	-
	<u>8,496</u>	<u>1,000</u>

A13. Operating Lease Commitments

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
(i) Leases as Lessee		
The future minimum lease payments under the non-cancellable operating leases are as follows:-		
Not more than 1 year	591	848
Later than 1 year and not later than 5 years	47	642
	<u>638</u>	<u>1,490</u>

(ii) Leases as Lessor

The Group has entered into a non-cancellable operating lease agreement with a non-controlling interest, in respect of the leases of the investment property. The lease has non-cancellable term of 3 years, with a renew option of 3 years included in the lease agreement, at the option of the lessee.

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
The future minimum lease payments under the non-cancellable operating leases are as follows:-		
Not more than 1 year	3,681	936
Later than 1 year and not later than 5 years	5,130	-
	<u>8,811</u>	<u>936</u>

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

For the financial year ended 31 December 2016, the Group achieved a revenue of RM20.6 million which is lower by RM12.6 million in comparison to the corresponding financial year ended 31 December 2015.

The Group recorded a profit before taxation ("PBT") for the current financial year of RM1.0 million as compared to PBT of RM15.7 million in the corresponding financial year due to lower revenue achieved during the year and in the financial year ended 31 December 2015, the Group recorded a fair value gain of RM7.0 million on its Investment Property.

B2. Comment on financial results (current quarter compared with the preceding quarter)

	3 months ended	
	31/12/2016	30/09/2016
	RM'000	RM'000
Revenue	8,309	2,284
Profit/(Loss) before taxation	5,035	(3,708)

The Group recorded higher revenue and profit before taxation for the quarter ended 31 December 2016 as new project billings were recorded in the current quarter ended 31 December 2016.

B3. Future Prospects

The Malaysian property market in the short term is generally affected by the financial institutions' stricter lending requirements due to the tightening of domestic liquidity conditions. Nevertheless, the medium term prospects of the Malaysian property market and economy remain favourable.

Notwithstanding the above, the Group is cautiously optimistic its property division will contribute positively to the Group's results given the strategic location of its projects, innovative sales and marketing strategies.

B4. Profit Forecast or Profit Guarantee

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

B5. Variance from profit forecast or profit guarantee

Not applicable.

B6. Taxation

	Current quarter		Cumulative quarter	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Current income tax				
- Malaysia income tax	14	1,100	(153)	2,228
Discontinued Operations				
Current income tax				
- Malaysia income tax	-	2	-	544
	<u>14</u>	<u>1,102</u>	<u>(153)</u>	<u>2,772</u>

Income tax expense is recognised in each interim period based on the best estimate of the income tax payable for the full financial year. The effective income tax rate for the current period year to date and current quarter was lower than statutory tax rate, principally due to tax incentives giving.

B7. Status of Corporate Proposals

There were no corporate proposals for the current quarter.

B8. Borrowings and Debt Securities

Details of Group's borrowings as at 31 December 2016 are as follows:

	31/12/2016	31/12/2015
	RM'000	RM'000
a) Current (secured)		
- Hire purchases	245	84
- Term loans	9,197	-
	<u>9,442</u>	<u>84</u>
b) Non-current (secured)		
- Hire purchases	729	267
- Term loans	114,799	13,044
	<u>115,528</u>	<u>13,311</u>
	<u>124,970</u>	<u>13,395</u>

All loans and borrowings are denominated in Ringgit Malaysia ("RM").

B9. Changes in Material litigation

There was no other material litigation against the Group as at the reporting date.

B10. Proposed Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

B11. Earnings per share

There was no dividend proposed in the current quarter and the previous corresponding quarter.

	Individual Quarter		Cumulative Quarter	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit attributable to ordinary equity owners of the parent (RM'000)				
Continuing Operations	5,429	4,510	1,854	11,499
Discontinued Operations	-	875	-	44
	<u>5,429</u>	<u>5,385</u>	<u>1,854</u>	<u>11,543</u>
Weighted average number of ordinary shares in issue ('000)	56,781	47,972	56,781	55,440
Basic earnings per share (sen)				
Continuing Operations	9.56	9.40	3.27	20.74
Discontinued Operations	-	1.82	-	0.08
	<u>9.56</u>	<u>11.23</u>	<u>3.27</u>	<u>20.82</u>

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

B12. Auditors' report on preceding annual financial statement

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

B13. Breakdown of Realised and Unrealised Profits or Losses

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

	Cumulative Quarter	
	31/12/2016 RM'000	31/12/2015 RM'000
Retained earnings		
Realised	23,457	13,699
Unrealised	(3,728)	6,594
	<u>19,729</u>	<u>20,293</u>
Less: Consolidation adjustments	3,217	928
Group's retained earnings	<u><u>22,946</u></u>	<u><u>21,221</u></u>

B14. Profit/(Loss) for the period

	Individual Quarter		Cumulative Quarter	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Interest income	-	(97)	(113)	(471)
Interest expense	139	(8)	181	332
Amortisation of intangible assets	13	12	51	49
Depreciation of property, plant and equipment	218	144	864	352
Impairment on goodwill	-	-	31	-
Impairment on inventories	1,004	-	1,004	-
Amortisation of government grant	-	(6)	(15)	(15)
Bargain purchase gain	(3,490)	-	(3,490)	(324)
Fair value gain on revaluation on investment property	-	(7,000)	-	(7,000)
(Gain)/Loss on disposal of subsidiaries	(3)	-	(3)	1,465
Discontinued Operations				
Interest income	-	-	-	(45)
Interest expense	-	-	-	88
Bad debts written off	-	-	-	58
Depreciation of property, plant and equipment	-	-	-	668
Gain on foreign exchange - realised	-	-	-	(64)
Gain on foreign exchange - unrealised	-	-	-	(766)

B15. Authorised for Issue

The condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 February 2017.