



**VELOCITY CAPITAL
PARTNER BERHAD**

VELOCITY CAPITAL PARTNER BERHAD

(Formerly known as CSH Alliance Berhad)

REGISTRATION NO. 200001002113 (504718-U)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
30 JUNE 2024**

VELOCITY CAPITAL PARTNER BERHAD
(Formerly known as CSH Alliance Berhad)
Registration No. 200001002113 (504718-U)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE
INCOME FOR THE QUARTER ENDED 30 JUNE 2024**

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER 30.06.2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.06.2023 RM'000	CHANGES	CURRENT YEAR-TO- DATE ENDED 30.06.2024 RM'000	PRECEDING YEAR-TO- DATE ENDED 30.06.2023 RM'000	CHANGES
			%			%
Revenue	11,829	9,966	18.7	65,805	37,570	75.2
Cost of sales	(13,888)	(9,239)	(50.3)	(48,994)	(31,696)	(54.6)
Gross profit	(2,059)	727	(383.2)	16,811	5,874	186.2
Other income	438	5,456	(92.0)	14,673	6,655	120.5
Operating expenses	(4,504)	(3,503)	(28.6)	(19,245)	(13,058)	(47.4)
Other operating expenses	(637)	(25,379)	97.5	(915)	(25,594)	96.4
Finance costs	(92)	(132)	30.3	(403)	(425)	5.2
(Loss)/Profit before taxation	(6,854)	(22,831)	70.0	10,921	(26,548)	141.1
Taxation	(91)	245	137.1	(1,108)	(909)	21.9
(Loss)/Profit after taxation	(6,945)	(22,586)	69.3	9,813	(27,457)	135.7
Other comprehensive loss, net of tax	-	-	-	-	-	-
Total comprehensive (loss)/income	(6,945)	(22,586)	69.3	9,813	(27,457)	135.7
(Loss)/Profit after taxation attributable to:						
- Owners of the Company	(6,442)	(22,318)	71.1	9,819	(26,630)	136.9
- Non-controlling interest	(503)	(268)	100.0	(6)	(827)	100.0
	(6,945)	(22,586)	69.3	9,813	(27,457)	135.7
Total comprehensive (loss)/ income attributable to:						
- Owners of the Company	(6,442)	(22,318)	71.1	9,819	(26,630)	136.9
- Non-controlling interest	(503)	(268)	100.0	(6)	(827)	100.0
	(6,945)	(22,586)	69.3	9,813	(27,457)	135.7
(Loss)/Earnings per share attributable to Owners of the Company (sen):						
Basic	(0.47)	(1.62)		0.71	(1.93)	
Diluted	(0.47)	(1.62)		0.71	(1.93)	

The condensed consolidated statements of profit and loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

VELOCITY CAPITAL PARTNER BERHAD
(Formerly known as CSH Alliance Berhad)
Registration No. 200001002113 (504718-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.06.2024	30.06.2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,686	50,112
Investment properties	56,338	58,364
Right-of-use assets	7,516	10,601
Intangible asset	18,557	20,270
Goodwill	2,466	1,984
Financing receivables	737	737
Fixed deposit with licensed bank	100	100
Total non-current assets	134,400	142,168
Current assets		
Inventories	6,859	9,228
Financing receivables	224,337	161,552
Trade and other receivables	21,711	43,286
Tax recoverable	959	605
Fixed and short-term deposits	770	14,929
Cash and bank balances	38,243	43,055
Total current assets	292,879	272,655
TOTAL ASSETS	427,279	414,823
EQUITY AND LIABILITIES		
Equity		
Share capital	396,791	396,791
Warrants reserve	43,722	43,722
Accumulated losses	(46,386)	(56,205)
	394,127	384,308
Non-controlling interests	2,833	2,570
Total equity	396,960	386,878
Non-current liabilities		
Lease liabilities	4,436	7,367
Deferred tax liabilities	1,885	1,993
Total non-current liabilities	6,321	9,360
Current liabilities		
Lease liabilities	3,460	3,585
Trade and other payables	19,537	14,842
Amount due to directors	550	-
Tax payable	451	158
Total current liabilities	23,998	18,585
Total liabilities	30,319	27,945
TOTAL EQUITY AND LIABILITIES	427,279	414,823
Net assets per ordinary share (RM)	0.2853	0.2782

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

VELOCITY CAPITAL PARTNER BERHAD

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Registration No. 200001002113 (504718-U)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	← Non-distributable →			Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Warrants reserve RM'000	Accumulated losses RM'000			
Balance at 01.07.2023	396,791	43,722	(56,205)	384,308	2,570	386,878
Profit after taxation for the financial period	-	-	9,819	9,819	(6)	9,813
Disposal of subsidiary	-	-	-	-	269	269
Other comprehensive loss for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	9,819	9,819	263	10,082
Balance at 30.06.2024	396,791	43,722	(46,386)	394,127	2,833	396,960
	← Non-distributable →					
	Share capital RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance at 01.07.2022	396,791	43,722	(34,373)	406,140	-	406,140
Changes in ownership interest in subsidiaries	-	-	4,798	4,798	3,397	8,195
Total transaction with Owners of the Company	-	-	4,798	4,798	3,397	8,195
Loss after taxation for the financial period	-	-	(26,630)	(26,630)	(827)	(27,457)
Other comprehensive loss for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	(26,630)	(26,630)	(827)	(27,457)
Balance at 30.06.2023	396,791	43,722	(56,205)	384,308	2,570	386,878

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to these interim financial statements.

VELOCITY CAPITAL PARTNER BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	CURRENT YEAR- TO-DATE ENDED 30.06.2024 RM'000	PRECEDING YEAR- TO-DATE ENDED 30.06.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	10,921	(26,548)
Adjustments for:		
Amortisation of intangible asset	1,713	1,684
Bad debts written off	-	203
Deposit written off	1	- *
Depreciation of investment properties	2,027	260
Depreciation of property, plant and equipment	2,991	2,161
Depreciation of right-of-use assets	3,759	2,843
Gain on disposal of subsidiaries	(1,576)	(8)
Gain on lease termination	(5)	-
Impairment losses/(Reversal of impairment loss) on		
- Other investment	(8,250)	22,000
- Financing receivables	271	3,110
- Trade receivables	(637)	-
- Other receivables	(2,872)	-
Interest expense	403	425
Interest income	(263)	(790)
Loss on disposal of investment property	-	78
Negative goodwill	-	(5,134)
Net loss/(gain) on disposal of property, plant and equipment	971	(4)
Net unrealised loss/(gain) on foreign exchange	71	(36)
Property, plant and equipment written off	-	7
Operating profit before working capital changes	<u>9,525</u>	<u>251</u>
Net change in financing receivables	(63,055)	(18,423)
Net change in inventories	1,206	126
Net change in trade and other receivables	25,001	(7,825)
Net change in trade and other payables	<u>10,876</u>	<u>5,058</u>
Cash flows utilised in operations	(16,447)	(20,813)
Interest paid	(403)	(425)
Income tax paid	<u>(1,278)</u>	<u>(2,069)</u>
Net cash used in operating activities	<u>(18,128)</u>	<u>(23,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	263	790
Acquisition of subsidiaries, net of cash acquired	2	(12,269)
Net cash inflow from disposal of other investment	8,250	-
Net cash inflow from disposal of subsidiary	365	(1)
Proceeds from disposal of investment property	-	2,900
Proceeds from disposal of properties, plant and equipment	1,345	24
Purchase of property, plant and equipment	(7,359)	(27,613)
Purchase of intangible asset	-	(697)
Subscription of shares by non-controlling interest	-	8,195
Net cash generated from/(used in) investing activities	<u>2,866</u>	<u>(28,671)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (CONT'D)**

	CURRENT YEAR- TO-DATE ENDED 30.06.2024 RM'000	PRECEDING YEAR- TO-DATE ENDED 30.06.2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in fixed deposits pledged as security	(18)	(113)
Repayment of lease liabilities and hire purchase instalments	(3,724)	(2,748)
Advances from directors	14	-
Net cash used in financing activities	(3,728)	(2,861)
Net changes in cash and cash equivalents	(18,990)	(54,839)
Cash and cash equivalents at beginning of financial period	57,311	112,150
Cash and cash equivalents at end of financial period	38,321	57,311
Cash and cash equivalents at end of financial period comprised:		
Cash and bank balances	38,243	43,055
Fixed deposits with licensed banks	78	14,256
	38,321	57,311

*Note:-*** - Amount less than RM1,000*

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134: *Interim Financial Reporting* (“MFRS 134”), International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of Velocity Capital Partner Berhad (“Velocity” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2023. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2023.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2023.

The initial application of the Amendments to MFRSs, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption except for the changes in presentation and disclosure of financial information.

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 30 June 2023 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The ceramic segment of the Group is cyclical in nature as it is affected by the seasonal pattern of the importing countries.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no significant changes in estimates that have any material effect during the current financial quarter under review.

6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

7. DIVIDENDS

There was no dividend paid during the current financial period under review.

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8. SEGMENTAL INFORMATION

The Group's business segments as follows:-

- (a) Ceramic – involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.
- (b) Construction and property division – involved in construction and other related businesses, property investment and property development and other related services.
- (c) Financial services – involved in moneylending business and hire purchase business.
- (d) Transportation and logistics – involved in transportation and logistics business and related information technology (“IT”) solutions and services.
- (e) Others – involved in investment holding and general trading.

The Group operates principally in Malaysia.

Segmental information is provided based on business segments, as follows:-

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Total RM'000
Current year quarter ended						
30.06.2024						
External revenue	2,631	-	1,337	5,112	2,749	11,829
Results						
Results before following adjustments:	(82)	(6)	(509)	(2,942)	94	(3,445)
Interest income	18	-	15	-	-	33
Gain on lease termination	-	-	-	5	-	5
Gain on disposal of property, plant and equipment	-	-	-	-	(1,016)	(1,016)
Net unrealised gain on foreign exchange	50	-	-	-	-	50
Amortisation of intangible asset	-	-	-	(428)	-	(428)
Deposit written off	-	(1)	-	-	-	(1)
Depreciation of investment properties	-	(507)	-	-	-	(507)
Depreciation of property, plant and equipment	(200)	(13)	(121)	(399)	(122)	(855)
Depreciation of right-of-use assets	(5)	-	(7)	(952)	-	(964)
Impairment losses on financing receivables	-	-	(271)	-	-	(271)
Reversal on impairment losses on receivables	-	-	-	637	-	637
Segment results	(219)	(527)	(893)	(4,079)	(1,044)	(6,762)
Finance costs	(3)	-	-	(89)	-	(92)
Taxation	28	(215)	95	(62)	63	(91)
Loss after taxation	(194)	(742)	(798)	(4,230)	(981)	(6,945)

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8. SEGMENTAL INFORMATION (CONT'D)

Segmental information is provided based on business segments, as follows (Cont'd) :-

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Total RM'000
Current year-to-date						
30.06.2024						
External revenue	8,467	2,102	8,030	39,942	7,264	65,805
Results						
Results before following adjustments:	(241)	(273)	3,912	8,732	(2,606)	9,524
Interest income	18	-	81	-	164	263
Gain on lease termination	-	-	-	5	-	5
Gain/(loss) on disposal of property, plant and equipment	45	-	-	-	(1,016)	(971)
Gain on disposal of subsidiaries	-	-	-	-	1,576	1,576
Net unrealised loss on foreign exchange	(71)	-	-	-	-	(71)
Amortisation of intangible asset	-	-	-	(1,713)	-	(1,713)
Bad debts written off	-	-	-	-	-	-
Deposit written off	-	(1)	-	-	-	(1)
Depreciation of investment properties	-	(2,027)	-	-	-	(2,027)
Depreciation of property, plant and equipment	(815)	(51)	(484)	(952)	(689)	(2,991)
Depreciation of right-of-use assets	(18)	-	(40)	(3,678)	(23)	(3,759)
Impairment losses on financing receivables	-	-	(271)	-	-	(271)
Reversal of impairment losses on trade receivables	-	-	-	637	-	637
Inventories written down	1	-	-	-	-	1
Reversal of impairment losses on other investment	-	-	-	-	8,250	8,250
Reversal of impairment losses on other receivables	-	-	-	-	2,872	2,872
Segment results	(1,081)	(2,352)	3,198	3,031	8,528	11,324
Finance costs	(13)	-	(1)	(388)	(1)	(403)
Taxation	4	(215)	(986)	(62)	151	(1,108)
(Loss)/Profit after taxation	(1,090)	(2,567)	2,211	2,581	8,678	9,813

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Total RM'000
30.06.2024						
Assets						
Segment assets	19,115	66,658	262,116	45,237	34,153	427,279
Liabilities						
Segment liabilities	4,578	1,123	1,237	21,111	2,270	30,319

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8. SEGMENTAL INFORMATION (CONT'D)

Segmental information is provided based on business segments, as follows (Cont'd):-

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Total RM'000
Preceding year corresponding quarter						
ended 30.06.2023						
External revenue	2,604	-	1,070	6,212	80	9,966
Results						
Results before following adjustments:	(693)	5,157	(674)	(344)	1,032	4,478
Interest income	4	1	21	-	135	161
Waiver of debts	3	-	-	-	(3)	-
Gain on disposal of property, plant and equipment	-	-	-	-	4	4
Gain on disposal of subsidiaries	-	-	-	-	8	8
Net unrealised gain on foreign exchange	39	-	-	-	-	39
Amortisation of intangible asset	-	-	-	(433)	-	(433)
Bad debts written off	-	-	-	(203)	-	(203)
Deposit written off	-	*	-	-	-	-
Depreciation of investment properties	-	(59)	(4)	-	-	(63)
Depreciation of property, plant and equipment	(206)	(13)	(121)	(95)	(160)	(595)
Depreciation of right-of-use assets	(4)	-	(11)	(960)	(10)	(985)
Impairment losses on other investment	-	-	-	-	(22,000)	(22,000)
Impairment losses on financing receivables	-	-	(3,110)	-	-	(3,110)
Segment results	(857)	5,086	(3,899)	(2,035)	(20,994)	(22,699)
Finance costs	(4)	-	(1)	(127)	-	(132)
Taxation	97	15	149	(60)	44	245
(Loss)/Profit after taxation	(764)	5,101	(3,751)	(2,222)	(20,950)	(22,586)

Note:-

* - Amount less than RM1,000

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8. SEGMENTAL INFORMATION (CONT'D)

Segmental information is provided based on business segments, as follows (Cont'd):-

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Total RM'000
Preceding year ended 30.06.2023						
External revenue	10,546	-	7,620	18,338	1,066	37,570
Results						
Results before following adjustments:	(1,018)	4,452	3,597	(1,949)	225	5,307
Interest income	14	1	58	-	717	790
Realised loss on waiver of debts	3	-	-	-	(3)	-
Gain on disposal of property plant and equipment	-	-	-	-	4	4
Gain on disposal of subsidiaries subsidiaries	-	-	-	-	8	8
Net unrealised gain on foreign exchange	36	-	-	-	-	36
Amortisation of intangible asset	-	-	-	(1,684)	-	(1,684)
Bad debts written off	-	-	-	(203)	-	(203)
Deposit written off	-	-	-	-	-	-
Depreciation of investment properties	-	(235)	(25)	-	-	(260)
Depreciation of property, plant and equipment	(885)	(52)	(469)	(242)	(513)	(2,161)
Depreciation of right-of-use assets	(16)	-	(44)	(2,743)	(40)	(2,843)
Impairment losses on other investment	-	-	-	-	(22,000)	(22,000)
Impairment losses on financing receivables	-	-	(3,110)	-	-	(3,110)
Property, plant and equipment written off	-	-	-	-	(7)	(7)
Segment results	(1,866)	4,166	7	(6,821)	(21,609)	(26,123)
Finance costs	(14)	-	(4)	(404)	(3)	(425)
Taxation	(3)	1	(849)	(195)	137	(909)
(Loss)/Profit after taxation	(1,883)	4,167	(846)	(7,420)	(21,475)	(27,457)

Note:-

* - Amount less than RM1,000

	Ceramic RM'000	Construction and property RM'000	Financial services RM'000	Transportation and logistics RM'000	Others RM'000	Group RM'000
30.06.2023						
Assets						
Segment assets	21,987	91,157	179,215	56,591	65,873	414,823
Liabilities						
Segment liabilities	4,144	831	277	13,460	9,233	27,945

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8. SEGMENTAL INFORMATION (CONT'D)

Geographical information for revenue

	Current year quarter ended 30.06.2024 RM'000	Current year- to-date ended 30.06.2024 RM'000
United States	516	1,947
Malaysia	11,313	63,780
Europe	-	-
Others	-	78
	<hr/> 11,829	<hr/> 65,805

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9. MATERIAL EVENT MATERIAL EVENTS DURING THE INTERIM PERIOD

Save for the following, there were no material events during the current quarter ended 30 June 2024:

- (a) On 12 April 2024, a new wholly-owned subsidiary, namely Velocity PE Sdn Bhd (“Velocity PE”), was incorporated in Malaysia under the Companies Act, 2016 with an issued share capital of RM100 divided into 100 ordinary shares and it is 100% owned by Velocity Capital Partner Berhad. Velocity PE was incorporated for the purpose of involvement in investment activities.
- (b) On 27 May 2024, Velocity Capital Sdn Bhd, a wholly owned subsidiary of the Company within the financial services arm, had completed its acquisition of Smart Wisdom Holdings Sdn Bhd and its wholly owned subsidiary, Smart Wisdom Sdn Bhd with a purchase consideration of RM100 for its entire issued share capital of RM100. Smart Wisdom Sdn Bhd is primarily engaged in the business as a licensed money lender pursuant to the Moneylenders Act 1951 (“Business”) and currently holding a valid money lending license issued by the Ministry of Housing and Local Government (“KPKT”).
- (c) Reference is made to the announcement dated 29 May 2024, pursuant to the Memorandum of Understanding (“MOU”) entered between Alliance EV Sdn. Bhd. (“AEV”) (a wholly-owned subsidiary of the Company) and BYD Malaysia Sdn. Bhd. (“BYD”) which the first announcement was made on 22 March 2022, BYD had subsequently issued a letter of appointment dated 31 March 2022 to appoint AEV as its distributor for commercial electric vans in Malaysia. AEV subsequently commenced its business in the distribution of commercial electric vans as well as the providing of after-sales services. However, the Parties have not finalised the plan for the set-up of the local assembly plant (“Project”).

According to the term of the MOU, it has expired on 20 March 2024 and both parties are now mutually agreeable to put the Project (i.e., the set-up of the local assembly plant) on hold and have decided not to renew the MOU. The Parties will continue to update each other periodically with the aim of possibly reviving the said Project in the near future or collaborating in some other manner or form.

- (d) The announcement dated 27 June 2024 refers. The Company had on 27 June 2024 entered into a Shares Sale Agreement (“SSA”) with MMAG Holdings Berhad, for the disposal of 850,000 ordinary shares in Cipta X Sdn Bhd (formerly known as CSH Solutions Sdn Bhd), representing 85% of the entire issued share capital in Cipta X, for a total cash consideration of RM20 million. The transaction is expected to be completed before end of year 2024 subject to the terms and conditions of the SSA.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Save for the following, there were no material events subsequent to the end of the current quarter up to 21 August 2024, being the last practicable date from the date of the issue of this report (“LPD”) that are expected to have an operational or financial impact on the Group.

- (a) On 20 May 2024, a Shares Sale Agreement had been entered between Velocity Capital Sdn Bhd, a wholly owned subsidiary of the Company and two (2) individuals for an acquisition of Smart Wisdom Holdings Sdn Bhd for its entire issued share capital of RM100 for a consideration of RM100. Smart Wisdom Holdings Sdn Bhd is an investment holding company which wholly owns Smart Wisdom Sdn Bhd that primarily engaged in the business as a licensed money lender pursuant to the Moneylenders Act 1951 (“Business”) and currently holding a valid money lending license issued by the Ministry of Housing and Local Government (“KPKT”).
- (b) Reference is made to the announcement dated 17 July 2024, the Company has on 17 July 2024 entered into a Shares Sale Agreement with HS Green Valley Sdn Bhd, for the disposal of 250,000 ordinary shares in Hong Seng Frontier Sdn Bhd (“HSF”), representing the entire issued share capital in HSF, for a total cash consideration of RM45.25 million.

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11. CHANGES IN COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current financial year under review except for the following:-

- (a) Disposal of a subsidiary, Omnipack Sdn Bhd (“Omni”), by selling 780,000 ordinary shares which representing 80% of equity interest in Omni for a total consideration of RM0.5 million.
- (b) a new wholly-owned subsidiary, namely Velocity PE Sdn Bhd (“Velocity PE”), was incorporated in Malaysia on 12 April 2024 under the Companies Act, 2016 with an issued share capital of RM100 divided into 100 ordinary shares and it is 100% owned by Velocity Capital Partner Berhad.
- (c) An Acquisition of Smart Wisdom Holdings Sdn Bhd for its entire issued share capital of RM100 by Velocity Capital Sdn Bhd for a consideration of RM100. Smart Wisdom Holdings Sdn Bhd is an investment holding company which wholly owns the Smart Wisdom Sdn Bhd that primarily engaged in the business as a licensed money lender pursuant to the Moneylenders Act 1951 (“Business”) and currently holding a valid money lending license issued by the Ministry of Housing and Local Government (“KPKT”).

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities and contingent assets since the last annual reporting date.

13. CAPITAL COMMITMENT

There was no capital commitment as at 30 June 2024.

14. CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, TRANSFERS AND CLASSIFICATIONS

There has been no significant change in the business or economic circumstances that affect the fair value of the Group’s financial assets and financial liabilities in the current financial period under review.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

1. The fair value of financing receivables is estimated based on discounted cash flows using prevailing rates of loans of similar credit profile.
2. The fair values of hire purchase payables approximate their carrying amounts.
3. The carrying amount of non-current receivables which is based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective interest rates, closely approximate their fair values.
4. The carrying amounts of the Group’s and of the Company’s other financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

There was no transfer in between fair value levels during the current financial period under review.

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

1. REVIEW OF GROUP PERFORMANCE

	Individual Period				Cumulative Period			
	Preceding year		Current		Preceding			
	Current year	corresponding	year-to-	year-to-	year-to-	year-to-	Changes	
	quarter ended	quarter ended	date ended	date ended	date ended	date ended	RM'000	%
	30.06.2024	30.06.2023	Changes		30.06.2024	30.06.2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Ceramic	2,631	2,604	27	1.0%	8,467	10,546	(2,079)	-19.7%
- Construction and property division	-	-	-	-	2,102	-	2,102	> 100%
- Financial services	1,337	1,070	267	25.0%	8,030	7,620	410	5.4%
- Transportation and logistics	5,112	6,212	(1,100)	-17.7%	39,942	18,338	21,604	117.8%
- Others	2,749	80	2,669	3336.3%	7,264	1,066	6,198	581.4%
	11,829	9,966	1,863	18.7%	65,805	37,570	28,235	75.2%
Profit/(Loss) before taxation								
- Ceramic	(222)	(861)	639	74.2%	(1,094)	(1,880)	786	41.8%
- Construction and property division	(527)	5,086	(5,613)	-110.4%	(2,352)	4,166	(6,518)	-156.5%
- Financial services	(893)	(3,900)	3,007	77.1%	3,197	3	3,194	106466.7%
- Transportation and logistics	(4,168)	(2,162)	(2,006)	-92.8%	2,643	(7,225)	9,868	136.6%
- Others	(1,044)	(20,994)	19,950	95.0%	8,527	(21,612)	30,139	139.5%
	(6,854)	(22,831)	15,977	70.0%	10,921	(26,548)	37,469	141.1%

Revenue

The Group's revenue for the current quarter has increased by RM1.86 million, marking an 18.7% rise compared to the corresponding quarter from the previous year ended on 30 June 2023. For the entire financial year ended 30 June 2024, the Group's revenue has shown significant growth of 75.2%, amounting to RM28.24 million more than the previous financial year that concluded on 30 June 2024.

In the current quarter, the primary driver of sales improvement came from the Others segment, specifically related to electric vehicle sales.

Despite experiencing decline in revenue from the transportation and logistics segment in the current quarter, revenue growth for the financial year was still predominantly fueled by the transportation and logistics division.

(Loss)/Profit before taxation (LBT/PBT)

In the current quarter, the Group's loss before tax (LBT) improved by RM15.98 million, representing a 70% increase compared to the LBT in the same quarter of the previous year, which ended on 30 June 2023. The improvement in profitability was driven by the Ceramic segment, financial services, as well as other business areas. Notably, the significant improvement in the 'others' segment was mainly due to there was an impairment of RM22 million provided in the corresponding quarter of the previous financial year.

For the current financial year under review, the profit was notably contributed by the "others" segment and financial services. The positive results primarily stem from the reversal of impairment losses of approximately RM11 million and the operational improvements in the financial services sector.

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2. MATERIAL CHANGE IN PERFORMANCE AS COMPARED TO PRECEDING QUARTER

	Current year quarter ended 30.06.2024 RM'000	Immediate preceding quarter ended 31.03.2024 RM'000	Changes	
			RM'000	%
Revenue				
- Ceramic	2,631	1,783	848	47.6%
- Construction and property division	-	2,102	(2,102)	>100%
- Financial services	1,337	2,369	(1,032)	-43.6%
- Transportation and logistics	5,112	11,975	(6,863)	-57.3%
- Others	2,749	23	2,726	11852.2%
	11,829	18,252	(6,423)	-35.2%
Profit/(Loss) before taxation				
- Ceramic	(222)	(266)	44	16.5%
- Construction and property division	(527)	(946)	419	44.3%
- Financial services	(893)	1,664	(2,557)	-153.7%
- Transportation and logistics	(4,168)	2,930	(7,098)	-242.3%
- Others	(1,044)	3,546	(4,590)	-129.4%
	(6,854)	6,928	(13,782)	-198.9%

Revenue

In the last quarter of this financial year, the Group experienced a decrease in revenue of RM6.42 million, representing a 35.2% reduction compared to the preceding quarter.

The Ceramic sector continued to demonstrate improvement in the revenue while revenue for “Others” sector was mainly contributed by the sales of electric vehicle in the final quarter. However, the rest of the sectors experienced reduction in revenue for the current quarter which was mainly due to some operational factors, i.e. project basis of revenue which was captured in the last quarter but not this quarter and compounded with rate adjustment which had been effected retrospectively had significantly contributed to the decline in sales of transportation and logistics sector.

Profit/(Loss) before taxation

In the current quarter, the Group incurred a loss before tax of RM6.85 million, representing a significant decline of 198.9% compared to the previous quarter’s profit of RM6.93 million. This decline was primarily driven by reduced profits in the transportation and logistics section, which was caused by the decrease in the revenue for the current quarter. Notably, during the last quarter, the Group benefited from an impairment reversal, reduced rental expenses, and a gain on the disposal of a subsidiary, contributing a total of RM6.14 million to the profit before taxation.

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3. GROUP'S PROSPECTS

The Group is principally engaged in transportation and logistics, retail, trading, manufacturing, exporting and marketing pottery, porcelain products, ceramics wares and ornaments, property construction, property investment, property development as well as financial services business. To minimise the over reliance on the existing businesses, the Group has also ventured into the distribution of commercial electric vehicles ("EV") and its related services business.

The Group's moneylending business is expected to continue to grow as it plans to extend its moneylending services to untapped customers which it perceives to be underserved by banks or licensed financial institutions. The new acquisition of licensed money lender pursuant to the Moneylenders Act 1951 ("Business") with a valid money lending license issued by the Ministry of Housing and Local Government ("KPKT") has further substantiated the growth prospect of this segment.

Even though the Group presently does not have any ongoing construction and property development projects, it will continue to explore other viable opportunities via joint venture or bidding for a suitable project to revive its construction and property development segments. The Group will also persistently strive to sell off its remaining properties inventory.

The EV industry continues to be highly competitive and in view of the requirement of extensive resources to be injected as capital investments into the EV industry, the Group will carry out further assessments to determine the industry's future direction and potential and hence, the MOU which had been expired was not renewed.

4. PROFIT FORECAST OR PROFIT GUARANTEE

There was no profit forecast or guarantee made public for the current financial period under review.

5. TAXATION

The tax expense is as follows:-

	Current year quarter ended 30.06.2024 RM'000	Current year- to-date ended 30.06.2024 RM'000
Current tax expense	154	1,218
Deferred tax expense	(63)	(110)
	<u>91</u>	<u>1,108</u>

6. CORPORATE PROPOSALS

There was no corporate proposal announced but not completed as at 21 August 2024, being the LPD from the date of the issue of this report.

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7. BORROWINGS AND DEBT SECURITIES

The Group's borrowings are as follows:-

	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
Current - unsecured		
Lease liabilities	3,460	3,585
Non-current - unsecured		
Lease liabilities	4,436	7,367
	7,896	10,952

8. CHANGES IN MATERIAL LITIGATION

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

9. PROPOSED DIVIDEND

There were no dividends proposed or declared by the Company for the current financial year under review.

10. EARNINGS/(LOSS) PER SHARE

(i) Basic earnings/(loss) per share

The basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual Period		Cumulative Period	
	Preceding year		Preceding year-	
	Current year	corresponding	Current year-	Preceding year-
	quarter ended	quarter ended	to-date ended	to-date ended
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
(Loss)/Profit attributable to owners of the Company (RM'000)	(6,442)	(22,318)	9,819	(26,630)
Weighted average number of ordinary shares in issue (Unit'000)	1,381,411	1,381,411	1,381,411	1,381,411
Basic (loss)/earnings per share (sen)	(0.47)	(1.62)	0.71	(1.93)

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10. EARNINGS/(LOSS) PER SHARE (CONT'D)

(ii) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period which the weighted average number of ordinary shares has been adjusted to assume full conversion of all dilutive potential ordinary shares.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as the Group has no dilutive potential ordinary shares during the current financial period.

11. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Current year quarter ended 30.06.2024 RM'000	Current year-to- date ended 30.06.2024 RM'000
Amortisation of intangible asset	428	1,713
Depreciation of investment properties	507	2,027
Depreciation of property, plant and equipment	855	2,991
Depreciation of right-of-use assets	964	3,759
Impairment loss on financing receivables	270	270
Reversal of impairment losses on other investment	-	(8,250)
Reversal of impairment losses on other receivables	-	(2,872)
Reversal of impairment losses on trade receivables	(637)	(637)
Interest expense	92	403
Interest income	(33)	(263)
Other income	(396)	(1,612)
Unrealised (gain)/loss on foreign exchange	(50)	71
Net loss on disposal of plant and equipment	1,016	971
Gain on disposal of subsidiaries	-	(1,576)

12. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2024.