

HWANG CAPITAL (MALAYSIA) BERHAD
(Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2016

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Non-current assets		
Property, plant and equipment	2,550	2,866
Investment properties	22,819	23,480
Intangible assets	378	503
Securities available-for-sale ("AFS")	7,304	3,752
Other investments	470	473
Loans, advances and financing	291,302	309,225
Deferred tax assets	4,189	3,515
	<u>329,012</u>	<u>343,814</u>
Current assets		
Securities available-for-sale ("AFS")	427,404	422,276
Loans, advances and financing	62,892	58,169
Trade receivables	98	56
Other receivables, deposits and prepayments	5,686	5,955
Tax recoverable	524	-
Deposits, cash and bank balances	24,868	10,537
	<u>521,472</u>	<u>496,993</u>
Total assets	<u>850,484</u>	<u>840,807</u>
Non-current liabilities		
Deferred tax liabilities	173	174
Current liabilities		
Other payables and accruals	12,459	12,685
Taxation	274	566
	<u>12,733</u>	<u>13,251</u>
Total liabilities	<u>12,906</u>	<u>13,425</u>
Equity attributable to equity holders of the Company		
Share capital	255,159	255,159
Reserves	582,419	572,223
Total equity	<u>837,578</u>	<u>827,382</u>
Total liabilities and equity	<u>850,484</u>	<u>840,807</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.28</u>	<u>3.24</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

HWANG CAPITAL (MALAYSIA) BERHAD
(Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31-Jul-16 RM'000	3 months ended 31-Jul-15 RM'000	12 months ended 31-Jul-16 RM'000	12 months ended 31-Jul-15 RM'000
Operating revenue		14,797	15,951	62,839	64,782
Net gain on disposals of investment properties		-	-	-	11,347
Other income		785	707	2,656	5,034
Personnel costs		(2,839)	(2,319)	(9,275)	(9,032)
Depreciation and amortisation		(275)	(357)	(1,178)	(1,357)
Allowances for impairment loss on:					
- loans, advances and financing		(2,126)	(1,558)	(7,692)	(5,428)
- trade receivables		(107)	-	(107)	-
Other expenses		(1,593)	(1,580)	(5,267)	(5,992)
		<u>8,642</u>	<u>10,844</u>	<u>41,976</u>	<u>59,354</u>
Finance costs		-	-	(24)	(499)
Profit before taxation	A10	8,642	10,844	41,952	58,855
Taxation	B6	(1,293)	(1,957)	(6,929)	(9,143)
Profit for the financial year		<u>7,349</u>	<u>8,887</u>	<u>35,023</u>	<u>49,712</u>
Attributable to:					
Equity holders of the Company		<u>7,349</u>	<u>8,887</u>	<u>35,023</u>	<u>49,712</u>
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B13	<u>2.88</u>	<u>3.48</u>	<u>13.73</u>	<u>19.48</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

HWANG CAPITAL (MALAYSIA) BERHAD
 (Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-16 RM'000	3 months ended 31-Jul-15 RM'000	12 months ended 31-Jul-16 RM'000	12 months ended 31-Jul-15 RM'000
Profit for the financial year	7,349	8,887	35,023	49,712
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net change in fair value of securities AFS	<u>582</u>	<u>207</u>	<u>689</u>	<u>422</u>
Total comprehensive income for the financial year	<u>7,931</u>	<u>9,094</u>	<u>35,712</u>	<u>50,134</u>
Attributable to:				
Equity holders of the Company	<u>7,931</u>	<u>9,094</u>	<u>35,712</u>	<u>50,134</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

HWANG CAPITAL (MALAYSIA) BERHAD
(Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Attributable to Equity Holders of the Company						
	Issued and fully paid ordinary shares of RM1 each						
	Number of shares '000	Nominal value RM'000	Capital redemption reserve RM'000	Share premium RM'000	AFS reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 August 2015	255,159	255,159	10,686	17,029	422	544,086	827,382
Profit for the financial year	-	-	-	-	-	35,023	35,023
Other comprehensive income for the financial year	-	-	-	-	689	-	689
Total comprehensive income for the financial year	-	-	-	-	689	35,023	35,712
Final dividend for the financial year ended 31 July 2015	-	-	-	-	-	(25,516)	(25,516)
At 31 July 2016	255,159	255,159	10,686	17,029	1,111	553,593	837,578
At 1 August 2014	255,159	255,159	10,686	17,029	-	500,753	783,627
Profit for the financial year	-	-	-	-	-	49,712	49,712
Other comprehensive income for the financial year	-	-	-	-	422	-	422
Total comprehensive income for the financial year	-	-	-	-	422	49,712	50,134
Final dividend for the financial year ended 31 July 2014	-	-	-	-	-	(6,379)	(6,379)
At 31 July 2015	255,159	255,159	10,686	17,029	422	544,086	827,382

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

HWANG CAPITAL (MALAYSIA) BERHAD
(Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	12 months ended 31-Jul-16 RM'000	12 months ended 31-Jul-15 RM'000
Operating activities		
Profit for the financial year	35,023	49,712
Adjustments for:		
Non-cash items	15,692	15,572
Non-operating items - investing	(14,814)	(26,581)
Non-operating items - financing	24	499
	<u>35,925</u>	<u>39,202</u>
Changes in operating assets and liabilities:		
Net changes in receivables	5,005	17,235
Net changes in payables	820	(17,319)
	<u>41,750</u>	<u>39,118</u>
Taxation paid	(8,240)	(9,262)
Net operating cash flow	<u>33,510</u>	<u>29,856</u>
Investing activities		
Proceeds from disposals of:		
- property, plant and equipment	41	78
- investment properties	-	24,331
- other investments	5	110
Purchases of:		
- property, plant and equipment	(75)	(519)
- intangible assets	(5)	(501)
Net purchase of securities AFS	(7,991)	(101,758)
Income distributions from securities AFS received	15,408	13,701
Net investing cash flow	<u>7,383</u>	<u>(64,558)</u>
Financing activities		
Dividend paid	(25,516)	(6,379)
Interest paid on borrowings	(24)	(503)
Net repayment of borrowings	-	(30,800)
Net financing cash flow	<u>(25,540)</u>	<u>(37,682)</u>
Net change in cash and cash equivalents	<u>15,353</u>	<u>(72,384)</u>
Cash and cash equivalents at beginning of the financial year	<u>8,631</u>	<u>81,015</u>
Cash and cash equivalents at end of the financial year	<u>23,984</u>	<u>8,631</u>
Cash and cash equivalents at end of the financial year comprise:		
Deposits, cash and bank balances	24,868	10,537
Less:		
Deposits with licensed banks maturing after one month	(694)	(671)
Clients' monies held in trust	(190)	(1,235)
	<u>(884)</u>	<u>(1,906)</u>
	<u>23,984</u>	<u>8,631</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

A. Explanatory Notes in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial report, which also complied with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board, should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015. The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2015.

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2015.

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2015 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

A4 Exceptional Items

There are no exceptional items for the current quarter and financial year ended 31 July 2016.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial year ended 31 July 2016 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year ended 31 July 2016.

A7 Dividends

A final single tier dividend of 10.0 sen per ordinary share, amounting to RM25,515,890 in respect of the previous financial year ended 31 July 2015 was paid on 18 December 2015.

The directors now recommend the payment of a final single tier dividend of 3.0 sen per ordinary share, amounting to RM7,654,767 in respect of the financial year ended 31 July 2016, based on the issued and paid-up share capital of the Company as at 31 July 2016, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. This proposed dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2017 when approved by the shareholders.

Total dividends for the financial year ended 31 July 2016 amounted to single tier dividend of 3.0 sen per ordinary share (Previous financial year ended 31 July 2015: single tier dividend of 10.0 per ordinary share).

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

A8 Subsequent Events

There are no material events subsequent to the financial year ended 31 July 2016 except for the following:

- (a) On 2 September 2016, the shares of the Company were suspended by Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Paragraph 16.02(2) of the Bursa Securities Main Market Listing Requirements ("MMLR"). The suspension will only be uplifted by Bursa Securities upon full compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the MMLR by the Company or as may be determined by Bursa Securities. Bursa Securities has vide its letter dated 5 August 2016 granted the Company a 6-month extension of time until 31 December 2016 to comply with the public shareholding spread requirement. Currently, the Company does not have any viable plan to address the non-compliance with the public shareholding spread requirement as the controlling shareholders have indicated that they do not intend to maintain the listing status of the Company and do not intend to take any steps to address the shortfall in the public shareholding spread of the Company.
- (b) Subsequent to the end of the reporting period, the ultimate holding company, HESB has acquired additional equity interest in the Company via open market acquisitions. As at 30 August 2016, HESB owned 61.18% of the voting shares of the Company.

A9 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial year ended 31 July 2016 except that on 1 July 2016, the Company has become a subsidiary of Hwang Enterprises Sdn. Bhd. ("HESB"), which has together with another major shareholder, Hwang Lip Teik ("Joint Offerors") offered to acquire all the remaining ordinary shares of RM1.00 each in the Company not already owned by the Joint Offerors ("the Offer Shares"), at a cash offer price of RM2.65 per Offer share, pursuant to a conditional voluntary take-over offer ("the Offer"). As at 1 July 2016, the Offer has become unconditional as to acceptances following the receipt of valid acceptances in respect of the Offer Shares, resulting in the Joint Offerors holding, together with the shares of the Company already held by the Joint Offerors, a combined total of 55.52% of the voting shares of the Company, comprising 51.45% and 4.07% held by HESB and Hwang Lip Teik respectively. The Offer has closed on 21 July 2016. As at 31 July 2016, HESB owned 60.85% of the voting shares of the Company.

A10 Items of Income and Expenses

Profit before taxation of the Group is stated after crediting/(charging):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-16	3 months ended 31-Jul-15	12 months ended 31-Jul-16	12 months ended 31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Interest income	10,263	10,275	42,063	40,708
Income distributions from securities AFS	3,850	3,744	15,435	13,772
Rental income	486	634	2,389	3,841
Net gain on disposals of investment properties	-	-	-	11,347
Net gain on disposals of other investments	-	5	2	26
Net gain on disposals of securities AFS	-	-	-	2,087
Net foreign exchange gain	26	1	19	-
Interest expense	-	-	(24)	(499)
Trade receivables:				
- individual impairment allowance	(107)	-	(107)	-
Loans, advances and financing:				
- net individual impairment allowance made	-	(38)	-	(38)
- collective impairment allowance made	(1,972)	(1,557)	(7,593)	(5,413)
- bad debts written off	(284)	(58)	(552)	(283)
- bad debts recovered	130	95	453	306

Other than as disclosed above, other disclosure items as required under Item 16, Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements are not applicable to the Group for the current quarter and financial year ended 31 July 2016.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

A11 Commitments and Contingencies

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
(a) Loan commitments	-	269
(b) Capital expenditure commitments	403	-
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	244	277
- future minimum lease receivable	1,943	1,350

A12 Segmental Information

The Group is organised into the following operating segments:

- Moneylending - moneylending and credit financing activities
- Investment holding - investment holding activities
- Property investment - property letting and investment activities
- Others - include dormant subsidiaries of the Company

The segmental information are as follows:

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
12 months ended 31 July 2016						
Revenue						
External revenue *	44,897	15,553	2,389	-	-	62,839
Inter-segment revenue	-	10,677	293	-	(10,970)	-
Total revenue	44,897	26,230	2,682	-	(10,970)	62,839
Segment profit	16,314	24,220	1,418	-	-	41,952
12 months ended 31 July 2015						
Revenue						
External revenue *	46,798	14,143	3,841	-	-	64,782
Inter-segment revenue	-	11,478	313	-	(11,791)	-
Total revenue	46,798	25,621	4,154	-	(11,791)	64,782
Segment profit/(loss)	18,991	26,319	13,570	(14)	(11)	58,855

* External revenue of the Group comprises all types of revenue derived from moneylending, investment holding and rental income from property letting.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

A13 Fair value of financial instruments

The fair value hierarchy, which reflects the significance of the inputs used in fair value measurement, is as follows:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

There have been no significant changes to the methods and assumptions used in estimating the fair values of financial instruments since the end of the previous financial year.

Financial instruments measured at fair value

The table below presents the financial instruments of the Group, which are measured at fair value, classified by level of the fair value hierarchy.

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31-Jul-16				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>434,708</u>	<u>434,708</u>	<u>-</u>	<u>-</u>
31-Jul-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>426,028</u>	<u>426,028</u>	<u>-</u>	<u>-</u>

Financial instruments not measured at fair value

The fair values of financial instruments of the Group, which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	As at 31-Jul-16		As at 31-Jul-15	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Loans, advances and financing	<u>354,194</u>	<u>356,027</u>	<u>367,394</u>	<u>369,245</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

B. Explanatory Notes in accordance with Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

B1 Analysis of the Performance of the Operating Segments of the Group

The total operating revenue of the Group for the financial year ended 31 July 2016 ("FY2016") contracted by 3% to RM62.8 million from RM64.8 million recorded in the previous financial year ended 31 July 2015 ("FY2015"), mainly attributable to a lower fee-based income generated from the moneylending activities, notwithstanding an increase in interest income as well as reduction in rental income from property letting for the current financial year, partly mitigated by increase in income from investment holding. On a similar trend, the Group reported a relatively lower operating revenue of RM14.8 million for the fourth quarter of FY2016 compared to RM16.0 million recorded in the previous corresponding quarter. This was mainly due to reduction in both fee-based income from the moneylending activities and rental income from property letting in the current quarter, partially offset by higher income from investment holding.

Against the backdrop of a decline in operating revenue of the Group for the current quarter and financial year under review, the Group posted a lower pretax profit of RM8.6 million for the fourth quarter of FY2016 in comparison to the pretax profit of RM10.8 million recorded in the previous corresponding quarter. The earnings for the current quarter is also impacted by higher loan loss provisioning and increase in personnel costs. Cumulatively, the Group registered a pretax profit of RM42.0 million for FY2016, which is 12% lower compared to the pretax profit of RM47.5 million for FY2015. Increase in loan loss provisioning coupled with absence of net gain on disposal of securities in the current financial year and higher one-off professional fees incurred have collectively affected the profitability of the Group unfavourably, partly cushioned by decrease in finance costs as well as lower incentive and commission expense in relation to the moneylending activities.

The performance of the key operating segments of the Group are analysed as follows:

(a) Moneylending

For the fourth quarter of FY2016, the moneylending segment posted a lower pretax profit of RM2.9 million compared to the pretax profit of RM4.4 million recorded in the previous corresponding quarter last year, primarily attributed to reduction in fee-based income from consumer financing, increase in personnel costs and higher loan loss provisioning, partly offset by lower incentive and commission expense for the current quarter.

Similarly, the moneylending segment registered a pretax profit of RM16.3 million for the full year of FY2016, which is 14% lower than the pretax profit of RM19.0 million recorded for FY2015. This was mainly due to the reduction in fee-based income from consumer financing and increase in loan loss provisioning, partially cushioned by increase in net interest income coupled with lower incentive and commission expense for the current financial year.

(b) Investment holding

For the three months ended 31 July 2016, the investment holding segment registered a pretax profit of RM5.6 million, which is 7% lower compared to the pretax profit of RM6.0 million recorded in the previous corresponding quarter. The lower earnings is mainly due to one-off professional fees incurred and increase in personnel costs for the current quarter under review.

The full year pretax profit of the investment holding segment of RM24.2 million is 8% lower compared to the pretax profit of RM26.3 million recorded in FY2015. Essentially, absence of net gain on disposal of securities AFS, increase in personnel costs and one-off professional fees incurred have collectively led to lower earnings of the segment. The increased investment income for the current financial year has however, contributed positively to the earnings of the segment.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

B1 Analysis of the Performance of the Operating Segments of the Group (cont'd)

The performance of the key operating segments of the Group are analysed as follows (cont'd):

(c) Property investment

The property investment segment recorded a pretax profit of RM0.2 million for the fourth quarter of FY2016 relative to the pretax profit of RM0.4 million for the previous corresponding quarter. Year-to-date, the pretax profit of the property investment segment is RM1.4 million against RM2.2 million recorded in the last financial year. The lower earnings for the current quarter and financial year under review is mainly due to reduction in rental income from property letting and increase in direct operating expenses. Reduction in finance costs on advances from holding company has alleviated the unfavourable effects on the earnings of the segment.

B2 Material Change in Profit Before Taxation for the Current Quarter compared with the Immediate Preceding Quarter

The Group posted a pretax profit of RM8.6 million, which represents a 17% decline compared to the pretax profit of RM10.4 million recorded in the preceding quarter ended 30 April 2016, largely arising from reduction in interest income from moneylending activities and lower rental income from property letting, coupled with increase in personnel costs and one-off professional fees incurred during the current quarter under review.

B3 Commentary

(a) Current Year's Prospects

Amidst challenging economic outlook and weak consumer sentiments, the Group is committed to explore opportunities to grow its loans and financing base in a sustainable way whilst remaining cautious in approving new lending to maintain the credit quality of its loans and financing portfolio. The existing consumer financing portfolio of the Group is expected to continue providing a steady income stream for the Group in the medium and long term.

The investment holding and property investment activities are expected to provide stable returns for the Group in year 2017. The Group continues to seek and evaluate viable businesses to complement its existing business.

Barring unforeseen circumstances, the Board of Directors expects the Group to perform satisfactorily for the financial year ending 31 July 2017.

(b) Progress and Steps to Achieve Revenue or Profit Estimate, Forecast, Projection and Internal Targets Previously Announced

Not applicable.

B4 Statement of the Board of Directors' Opinion on Achievability of Revenue or Profit Estimate, Forecast, Projection and Internal Targets Previously Announced

Not applicable.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

The analysis of the tax expense for the current quarter and financial year ended 31 July 2016 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-16	3 months ended 31-Jul-15	12 months ended 31-Jul-16	12 months ended 31-Jul-15
	RM'000	RM'000	RM'000	RM'000
In respect of the current financial year:				
Malaysian income tax	(1,530)	(2,256)	(7,542)	(8,420)
Real property gains tax	-	-	-	(307)
Deferred tax	305	301	746	(273)
	(1,225)	(1,955)	(6,796)	(9,000)
In respect of prior financial years:				
Malaysian income tax	1	-	(62)	(141)
Deferred tax	(69)	(2)	(71)	(2)
	(68)	(2)	(133)	(143)
	(1,293)	(1,957)	(6,929)	(9,143)

The effective tax rate of the Group for the current quarter and financial year ended 31 July 2016 is lower than the statutory tax rate mainly due to certain income which are not subject to tax, partially offset by expenses not deductible for tax purpose.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

B7 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of this announcement.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal as at 31 July 2016 is as follows:

Disposals of 100% equity interest in HwangDBS Investment Bank Berhad and its subsidiaries and associate in the financial year ended 31 July 2014

Purpose	Note	Proposed utilisation RM'000	Amount utilised RM'000	Unutilised RM'000
Special cash dividend to shareholders		637,897	637,897	-
General working capital requirements		73,683	73,683	-
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(i)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred on disposals of subsidiaries and associate		14,000	14,000	-
		<u>1,360,580</u>	<u>1,110,580</u>	<u>250,000</u>

- (i) The initial intended timeframe for utilisation of the proceeds allocated for potential acquisition of new business ("timeframe") was within twelve months from the date of completion of disposals of subsidiaries and associate on 7 April 2014. The timeframe was subsequently extended for a twelve-month period from 7 April 2015. Pending identification of a potential viable business, the timeframe is further extended for another twelve months from 7 April 2016.

Proceeds not utilised as at 31 July 2016 are invested in unit trusts and deposits with financial institutions.

B9 Group Borrowings and Debt Securities

The Group did not have any outstanding borrowings as at 31 July 2016 and 31 July 2015.

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	553,601	544,775
- unrealised	4,022	3,341
	<u>557,623</u>	<u>548,116</u>
Consolidation adjustments	(4,030)	(4,030)
Total Group retained profits	<u>553,593</u>	<u>544,086</u>

The disclosure of realised and unrealised profits or losses is made in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants.

B11 Disclosure of Derivatives

The Group did not hold any derivative financial instruments as at 31 July 2016 and 31 July 2015.

B12 Changes in Material Litigation

The Group does not have any material litigation as at 31 July 2016 which would materially affect the financial position or business of the Group.

HWANG CAPITAL (MALAYSIA) BERHAD
(Company no. 238969-K)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

B13 Basic Earnings Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended	3 months ended	12 months ended	12 months ended
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>7,349</u>	<u>8,887</u>	<u>35,023</u>	<u>49,712</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>
Basic earnings per share (sen)	<u><u>2.88</u></u>	<u><u>3.48</u></u>	<u><u>13.73</u></u>	<u><u>19.48</u></u>

There were no dilutive potential ordinary shares in issue as at 31 July 2016 and 31 July 2015.

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
22 September 2016