



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 September 2020

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Nine Months Period Ended 30 September 2020**

	Note	3 months ended		9 months ended	
		30.09.2020 RM	30.09.2019 RM	30.09.2020 RM	30.09.2019 RM
Revenue		50,677,264	106,087,564	140,318,609	258,990,845
Cost of sales		(41,013,071)	(66,159,817)	(100,314,182)	(153,041,572)
Gross profit		9,664,192	39,927,747	40,004,426	105,949,273
Other income		16,091,726	8,916,116	39,891,420	20,198,964
Administrative expenses		(11,873,657)	(16,835,642)	(41,733,339)	(43,210,711)
Selling and marketing expenses		(1,836,345)	(7,858,083)	(5,843,676)	(10,936,122)
Other operating expenses		(918,237)	(530,261)	(1,035,523)	(12,867,979)
		(14,628,239)	(25,223,986)	(48,612,538)	(67,014,812)
Profit from operations		11,127,679	23,619,877	31,283,308	59,133,425
Finance costs	17	(8,917,751)	(11,730,257)	(22,416,883)	(29,336,277)
Profit before tax		2,209,928	11,889,620	8,866,425	29,797,148
Income tax expense	18	(854,671)	(271,551)	(3,687,486)	(5,378,497)
Profit for the period		1,355,257	11,618,069	5,178,939	24,418,651
Other comprehensive income					
-Foreign currency translation difference		92,494	400,883	114,585	432,375
Total comprehensive income for the period		1,447,751	12,018,952	5,293,524	24,851,026
Earnings per share (sen)					
Basic	25 (a)	0.26	2.20	0.98	4.62
Diluted	25 (b)	0.26	2.20	0.98	4.62

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position
As at 30 September 2020**

	Note	As at 30.09.2020 RM	As at 31.12.2019 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	109,663,310	105,606,417
Right of use		64,203,036	88,658,656
Deferred tax assets		91,079,155	87,988,632
Investment properties		312,731,293	305,462,395
Goodwill on consolidation		17,626,036	17,626,036
Inventories		364,222,239	348,394,115
Other non-current assets	9(b)	953,227,470	745,497,470
		<u>1,912,752,539</u>	<u>1,699,233,721</u>
CURRENT ASSETS			
Inventories		430,631,626	425,266,891
Trade and other receivables	9(a)	131,535,393	134,239,813
Other current assets	9(c)	28,417,355	18,162,032
Contract assets		720,835	720,833
Tax recoverable		2,396,066	1,648,457
Cash and bank balances		50,979,891	15,646,918
		<u>644,681,166</u>	<u>595,684,944</u>
TOTAL ASSETS		<u>2,557,433,705</u>	<u>2,294,918,665</u>

**Condensed Consolidated Statement of Financial Position as at 30 September 2020
(Contd.)**

	Note	As at 30.09.2020 RM	As at 31.12.2019 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		528,999,579	528,999,579
Perpetual securities	6 (c)	346,838,027	260,420,981
Treasury shares		(970,157)	(970,157)
Other reserves		32,029,457	31,914,872
Retained earnings		339,401,844	349,437,274
Total equity		<u>1,246,298,750</u>	<u>1,169,802,549</u>
Non-Current Liabilities			
Provisions	22		
Deferred tax liabilities		33,172,973	35,365,862
Lease liabilities		-	61,992,275
Long term liabilities	20	379,329,575	267,080,899
		<u>412,502,548</u>	<u>364,439,036</u>
CURRENT LIABILITIES			
Trade and other payables		402,729,382	283,807,350
Contract liabilities		57,702,860	61,333,026
Provisions	22	429,459	429,459
Borrowings	20	373,987,546	359,795,703
Lease liabilities		32,079,081	30,046,850
Income tax payable		31,704,078	25,264,692
		<u>898,632,406</u>	<u>760,677,080</u>
TOTAL LIABILITIES		<u>1,311,134,954</u>	<u>1,125,116,116</u>
TOTAL EQUITY AND LIABILITIES		<u>2,557,433,704</u>	<u>2,294,918,665</u>
NTA per share (RM)		<u>2.32</u>	<u>2.18</u>
Net asset per share (RM)		<u>2.36</u>	<u>2.21</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2020

	Attributable to Equity Holders of the Company								Total RM
	Share capital RM	Perpetual capital securities RM	Non-distributable			Distributable		Retained profits RM	
			Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM		
Opening balance at 1 January 2019	528,999,579	-	-	-	5,737,755	26,578,054	(6,931,199)	349,269,181	903,653,370
<u>Comprehensive income</u>									
Profit for the year	-	-	-	-	-	-	-	24,418,651	24,418,651
Issued during the year	-	263,000,000	-	-	-	-	-	-	263,000,000
Share dividend Dividend	-	-	-	-	-	-	5,961,041	-	5,961,041
<u>Other comprehensive income</u>									
-Foreign currency translation difference	-	-	-	-	432,375	-	-	-	432,375
Closing balance at 30 September 2019	528,999,579	263,000,000	-	-	6,170,130	26,578,054	(970,158)	373,687,832	1,197,465,437
Opening balance at 1 January 2020	528,999,579	260,420,981.00	-	-	5,336,818	26,578,054	(970,157)	352,287,763	1,172,653,038
<u>Comprehensive income</u>									
Profit for the year	-	-	-	-	-	-	-	5,178,939	5,178,939
Issued during the year	-	86,417,046	-	-	-	-	-	-	86,417,046
<u>Other comprehensive income</u>									
Foreign currency translation difference	-	-	-	-	114,585	-	-	-	114,585
Coupon payment	-	-	-	-	-	-	-	(18,064,858)	(18,064,858)
Closing balance at 30 September 2020	528,999,579	346,838,027	-	-	5,451,403	26,578,054	(970,157)	339,401,844	1,246,298,750

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Cash Flow
For the Nine Months Period Ended 30 September 2020

	9 months ended 30.09.2020 RM	12 months ended 31.12.2019 RM
Profit before taxation	<u>8,866,425</u>	<u>59,930,500</u>
Net cash from operating activities	142,263,922	125,418,270
Net cash (used in)/from investing activities	(288,774,919)	(236,537,097)
Net cash from financing activities	<u>164,490,221</u>	<u>161,370,966</u>
Net increase/(decrease) in cash and cash equivalents	17,979,225	50,252,139
Cash and cash equivalents at beginning of financial period	(43,275,591)	(93,527,730)
Cash and cash equivalents at end of financial period	<u>(25,296,366)</u>	<u>(43,275,591)</u>

Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	1,001,818	1,000,883
Less: pledged fixed deposits	(1,001,818)	(1,000,883)
	-	-
* Cash and bank balances	49,978,073	14,646,035
Bank overdraft (included within borrowings in Note 20)	(75,274,439)	(44,972,890)
	<u>(25,296,366)</u>	<u>(30,326,855)</u>

- * Included in cash at banks of the Group are amounts of RM 2,021,458 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Malaysian Financial Reporting Standards ("MFRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report 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 year ended 31 December 2019. The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2019.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since mid-March 2020 has brought significant economic uncertainties in Malaysia.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 to be disclosed in the interim financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the containment measures against the spread of the Covid-19 will have adverse effects on the Group's revenue, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimize the impact of the outbreak on the Group's operations.

5. CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2019. There were no changes in estimates that have had a material effect in the current quarter results.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 September 2020 and the date of this interim report except the following:

(a) Treasury Shares

There is no purchase of treasury shares during the current quarter of the financial period ended 30 September 2020. Total treasury shares repurchased cumulatively as at 30 September 2020 is 512,512 ordinary shares, representing a cumulative 0.10% of the total paid up share capital of the company as at 30 September 2020. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There is no repurchase of treasury share subsequent to the interim financial period ended 30 September 2020.

(b) Capital Management

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital based on gearing ratio. The ratio is calculated on total debts divided by total equity. The Group's strategy is to maintain a gearing ratio below 100%. The gearing ratio as at 30 September 2020, are as follows:

	30.09.2020	31.12.2019
	RM	RM
Total borrowing	753,317,121	626,876,602
Lease liabilities	32,079,081	92,039,125
Trade and other payables	402,729,382	283,807,350
Net debts	<u>1,188,125,584</u>	<u>1,002,723,077</u>
Equity attributable to the owners of parents	<u>1,246,298,750</u>	<u>1,166,802,549</u>
Gearing ratio	<u>95%</u>	<u>86%</u>

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 30 September 2020 are as follows:

	30.09.2020
	RM
Repayment of revolving credit	(9,715,038)
Coupon payment	(18,064,858)
Issuance of perpetual securities	86,417,046
Drawdown of term loan (net of repayment)	105,853,071

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES (Contd.)

(c) Perpetual Securities Issuance

Company had on 30 July 2020 completed an issuance of RM87 million in nominal value of perpetual securities under its RM750 million unrated perpetual securities issuance programme. This issuance followed the Company's inaugural issuance of RM263 million in nominal value of perpetual securities in August 2019 from the same programme.

This perpetual securities has no maturity date, and is redeemable by the Company at its option at the end of 5 years after issuance and on each semi-annual coupon payment date thereafter. It carries a semi-annual coupon rate of 6.85% p.a. for the first 5 years.

The proceeds from this issuance will be utilized by the Company and/or its subsidiaries, associated companies and/or jointly controlled entities ("YNH Group") for the following:-

(a) The Group's investment (including amongst others, purchase of lands, buildings, property and/or shares; and/or payment into joint ventures); and/or

(b) The Group's capital expenditure and working capital

CIMB Investment is the Principal Adviser and Lead Arranger for the RM750 million Perpetual Securities Programme, and the Lead Manager for this issuance of the perpetual securities.

7. DIVIDEND PAID

No dividend was paid for the financial period ended 30 September 2020.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

9(a) TRADE AND OTHER RECEIVABLES

	As at 30.09.2020	As at 31.12.2019
	RM	RM
Trade receivables	101,277,997	120,489,559
Less: Provision for impairment	(8,170,829)	(7,504,829)
	<u>93,107,168</u>	<u>112,984,730</u>
Other receivables	38,428,225	21,255,083
	<u>131,535,393</u>	<u>134,239,813</u>

Trade receivables are generally on credit terms ranging from 14 days to 180 days. Credit terms for the sales of commercial properties range from 14 days to 270 days.

Included in trade receivables are:

- (i) an amount of RM5,558,907 owing by certain directors of the Company
- (ii) an amount of RM 7,369,474 owing by persons related to directors

The amounts owing by directors and persons related to directors are in respect of purchase of properties from the Group and is under normal credit terms granted to customers.

9(b) Other non current assets represent security deposits for various joint venture projects.

10. SUBSEQUENT EVENTS

There is no subsequent event to the interim financial statement and the date of this interim report.

11. CHANGES IN COMPOSITION OF THE GROUP

There is no change in the composition of the Group since the last financial year until the date of this interim report.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no contingent liabilities and contingent assets for the period ended 30 September 2020 and the date of this interim financial report.

13. CAPITAL COMMITMENTS

There is not capital commitment as at 30 September 2020.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

14. PERFORMANCE REVIEW (Contd.)

	3 months ended		changes		9 months ended		changes	
	30.09.2020	30.09.2019	RM	%	30.09.2020	30.09.2019	RM	%
	RM	RM			RM	RM		
Revenue	50,677,264	106,087,564	(55,410,301)	-52%	140,318,609	258,990,845	(118,672,236)	-46%
Profit from operations	11,127,679	23,619,877	(12,492,198)	-53%	31,283,308	59,133,425	(27,850,117)	-47%
Profit before tax	2,209,928	11,889,620	(9,679,692)	-81%	8,866,425	29,797,148	(20,930,723)	-70%
Profit for the period	1,355,257	11,618,069	(10,262,812)	-88%	5,178,939	24,418,651	(19,239,712)	-79%

The Group's cumulative turnover for the current financial period ended 30 September 2020 is RM 140,318,609 (year 2019-RM258,990,845) and profit before taxation is reported at RM 8,866,425 (year 2019-RM29,797,148). Profit before taxation for the current quarter is lower compared to previous year's corresponding quarter due to lower contribution of profit from projects as a result of COVID 19 pandemic. Project progress at site has been affected after government announcement of Movement Control Order commencing 18 March 2020 and the group's hospitality arm is affected by the COVOD-19 pandemic as well. The Group's performance for this year is mainly derived from profit recognition from sales of inventories in Pangsapuri Samudera , and progressive profit recognition of Kiara 163.

	Current Quarter	Immediate Preceding Quarter	Changes	
	RM	RM	RM	%
Revenue	50,677,264	23,053,610	27,623,654	120%
Profit from operations	11,127,679	8,367,826	2,759,853	33%
Profit before tax	2,209,928	2,473,149	(263,221)	-11%
Profit for the period	1,355,257	820,918	534,339	65%

On a quarter to quarter basis, the current quarter profit before taxation of RM 2,209,928 is lower than previous quarter of RM 2,473,149. This is due to higher finance cost incurred for the financial quarter that out weight the reduction in administrative cost and selling cost reduction in the current quarter of the year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

14. PERFORMANCE REVIEW (Contd.)

An analysis of other operating income for the current financial period are as follows:

	30.09.2020	30.09.2019
Other operating income	RM	RM
Gain on disposal of property, plant and equipment	-	1,854,750
Gain on de-recognition of right of use upon termination	21,824,430	
Rental income from properties and machineries	14,060,474	16,628,892
Sales of building material & others	124,867	500,665
Provision for impairment written back	1,067,356	770,659
Others	2,814,293	443,998
	39,891,420	20,198,964

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instruments as at the date of this report.

16. COMMENTARY ON PROSPECTS

The local and global economic climate remains challenging due to the uncertainties caused by COVID -19 pandemic. The group's project progress as well as hospitality arm are affected by the pandemic. The Group has taken counter measures and complied to strict SOP with regards to hygiene and sanitization for offices, project sites and retail mall to lessens the impact of MCO and allows the Group to be able to catch up the progress of each sectors respectively. In addition, the stimulus package announced by the government, including the reduction of Overnight Policy Rate and re-introduction of house ownership campaign will make home ownership more affordable. As such, the Board is cautiously optimistic that demand for property will be sustainable, given the strategic location and correct pricing of our properties.

The Board is cautiously optimistic of our Kiara 163 mixed development project held under D'Kiara Place Sdn Bhd ("DKP"), a wholly owned subsidiary company of YNH Property Bhd. DKP is the registered and beneficial owner of the 6 acres freehold development property located in Mont' Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The proposed commercial development comprises:

- i) 1 block of 46 storey of service apartment and 1 block of hotel suites of 44 storey (718 units) with facilities and multi-storey car park,
- ii) 1 Small Office Versatile Office ("SOVO") Tower,
- iii) 1 shopping mall and basement car park.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

16. COMMENTARY ON PROSPECTS

The Kiara 163 project has a total GDV of approximately RM1.0 billion. The retail shopping mall will be one of the main attraction of the development where residents/ tenants have seamless life, work and play lifestyle. Main building for retail mall and SOVO for Kiara 163 has already been completed and handed over while the balance two blocks are expected to contribute to the Group for the next financial year.

Another prestigious project planned for the future by YNH group is the Menara YNH development, located on one of the most exclusive addresses in Kuala Lumpur city center, in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are found. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. This Menara YNH has a GDV of approximately RM2.1 billion. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

The Group has intention to keep 50% of the Menara YNH referred above as investment property and it will be used as the Group's future corporate headquarter.

The Group has also entered into a series of joint venture projects for the development of a few pieces of land strategically located near Mont' Kiara, Hartamas, Kuala Lumpur city center, Ipoh city and Seri Manjung town. These developments are at planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the Group's earnings for the next 15 to 20 years.

The Group had successfully completed the construction of AEON Mall Seri Manjung in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Mall Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 acres of undeveloped landbanks in the Manjung Point Township.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city center as the existing highway is already completed from the KL city center to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc. for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

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17. FINANCE COSTS

This is arrived at after charging:

9 months ended
30.09.2020
RM

Revolving credit interest	8,443,103
Term loan interest	11,465,828
Overdraft interest	<u>2,507,952</u>

18. INCOME TAX EXPENSE

	3 months ended 30.09.2020 RM	3 months ended 30.09.2019 RM	9 months ended 30.09.2020 RM	9 months ended 30.09.2019 RM
Tax expense for the period:				
Malaysian income tax	(305,482)	(6,026,773)	(5,478,161)	(10,549,491)
Deferred tax	(549,189)	5,755,222	1,790,675	5,170,994
	<u>(854,671)</u>	<u>(271,551)</u>	<u>(3,687,486)</u>	<u>(5,378,497)</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

	9 months ended 30.09.2020 RM
Profit before tax	<u>8,866,425</u>
Taxation at applicable statutory tax rate	(2,127,942)
Expenses not deductible for tax purposes	(1,815,129)
Others timing differences	255,585
Tax expense for the quarter/year	<u>(3,687,486)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

19. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the financial year ended 30 September 2020 except for the sales of development properties in the ordinary course of business.

20. LOAN AND BORROWINGS

	As at 3rd quarter ended 30.09.2020					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	-	-	-	-
Secured-Term loan		379,329,575		16,665,227		395,994,802
Secured-Bank overdraft and revolving credit	-	-	-	357,322,319	-	357,322,319

	As at 3rd quarter ended 30.09.2019					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	-	-	-	-
Secured-Term loan	-	293,935,465	-	166,665,227	-	460,600,692
Secured-Bank overdraft and revolving credit	-	-	-	459,729,788	-	459,729,788

The weighted average interest of borrowings is 5.15 % and RM3,591,318 of loan and borrowings in the current year are based on fixed interest rate and RM 749,725,803 of loan and borrowings are based on floating interest rate.

21. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

22. PROVISIONS

	As at 30.09.2020 RM	As at 31.12.2019 RM
Opening	429,459	665,438
Provision during the period/year	-	674,122
Utilization/ written back during the period/year	-	(910,101)
Closing	<u>429,459</u>	<u>429,459</u>

23. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries.

24. DIVIDEND PAYABLE

The Directors recommended a final dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2019, to be approved by the shareholders at the forthcoming Annual General Meeting. Based on the issued capital of 528,999,579 ordinary shares as at year end, the dividend amounts to RM13,224,989. The actual net amount paid will depend on the issue capital on entitlement date. The interim financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the current financial year ending 31 December 2020.

The Company has a dividend policy of at least 30% of profit after taxation be fixed for future declaration of dividend.

25. EARNING PER SHARE

(a) **Basic**

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30.09.2020 RM	3 months ended 30.09.2019 RM	9 months ended 30.09.2020 RM	9 months ended 30.09.2019 RM
Net profit for the period	1,355,257	11,618,069	5,178,939	24,418,651
Weighted average number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Basic earnings per share (sen)	<u>0.26</u>	<u>2.20</u>	<u>0.98</u>	<u>4.62</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

25. EARNING PER SHARE (Contd.)

(b) **Diluted**

There is no dilution effect in calculating earning per shares because there is no Employee Share Scheme in effect during the current financial year. As such, the diluted earning per share is similar with basic earning per shares.

	3 months ended 30.09.2020 RM	3 months ended 30.09.2019 RM	9 months ended 30.09.2020 RM	9 months ended 30.09.2019 RM
Net profit for the period	1,355,257	11,618,069	5,178,939	24,418,651
Weighted average number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Adjusted weighted number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Diluted earnings per share (sen)	0.26	2.20	0.98	4.62

26. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 September 2020 are as

Party	Transaction	30.09.2020 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	3,014,374
	Rental of properties and equipment received	696,391
	Sales of properties	-
	Sales of building material	-
Transaction with person connected with Directors	Legal services and disbursement paid (including stamp duty etc.)	2,725,513
	Sales of properties	-
	Rental of properties received	27,000
Transaction with Directors	Sales of properties	-
	Guarantee return paid for service apartment and office	6,201,924

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

26. RELATED PARTY TRANSACTION (Contd.)

The Group's Directors personal compensation for the period under review are as follows:

	30.09.2020
	RM
Type of compensation	
Salaries and allowances (including employer EPF portion)(Executive directors)	8,279,953
Directors fee & allowances (Independent & non executive directors)	265,625
	<hr/>
	8,545,578
	<hr/>

27. UPDATE OF MEMORANDUM OF UNDERSTANDING

The Group has on 4 February 2015 entered into a Memorandum of Understanding ("MOU") in relation to a proposed hotel to be branded as " Hilton Kuala Lumpur City Centre & Residences", to be managed by Hilton Worldwide Manage Limited, for its Menara YNH Development in Kuala Lumpur City Centre. No further changes arise from the date of the MOU to the date of this interim report.

28. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2020.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

29. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.09.2020 RM	30.09.2019 RM	30.09.2020 RM	30.09.2019 RM	30.09.2020 RM	30.09.2019 RM	30.09.2020 RM	30.09.2019 RM
Revenue								
External customers	124,516,807	217,230,508	15,801,802 125,750	41,760,327 78,590	- (125,750)	- (78,590)	140,318,609 -	258,990,835 -
Results								
Interest income	35,103	97,319		-	-	-	35,103	97,319
Dividend income	-	-		-	-	-	-	-
Depreciation	7,333,395	8,436,814	8,323,914	357,800	-	-	15,657,309	8,794,614
Finance cost	21,750,255	28,585,541	666,628	750,736	-	-	22,416,883	29,336,277
Profit/(loss) before taxation	9,719,915	37,557,233	(853,490)	345,301	-	-	8,866,425	37,902,534
Segment assets	2,250,764,345	2,087,565,443	282,453,692	252,728,281	-	-	2,533,218,037	2,340,293,724
Segment liabilities	989,864,275	878,099,616	297,055,011	256,623,284	-	-	1,286,919,286	1,134,722,900