

HO WAH GENTING BERHAD

(Company no: 272923-H)

Condensed Consolidated Statement of Comprehensive Income  
for the financial year ended 31 December 2018

	Individual Quarter		Cummulative Quarters	
	2018 Oct - Dec RM'000	2017 Oct - Dec RM'000	2018 Jan - Dec RM'000	2017 Jan - Dec RM'000
<b>Continuing operations</b>				
<b>Revenue</b>				
- sales of goods	37,222	40,480	154,872	152,236
- rendering of services	1,171	1,179	4,614	4,180
- rental income	55	48	221	147
	<b>38,448</b>	<b>41,707</b>	<b>159,707</b>	<b>156,563</b>
<b>Cost of sales</b>				
- sales of goods	(34,443)	(38,558)	(143,755)	(142,297)
- rendering of services	(1,104)	(1,108)	(4,356)	(3,902)
- rental income	-	-	-	-
	(35,547)	(39,666)	(148,111)	(146,199)
<b>Gross profit</b>	<b>2,901</b>	<b>2,041</b>	<b>11,596</b>	<b>10,364</b>
Other operating income	1,124	287	3,892	3,119
Distribution costs	(692)	(887)	(2,510)	(2,898)
Administrative expenses	(2,103)	(3,477)	(10,651)	(10,966)
Other operating expenses	(235)	(16,694)	(1,544)	(20,296)
<b>Profit/(Loss) from operations</b>	<b>995</b>	<b>(18,730)</b>	<b>783</b>	<b>(20,677)</b>
Finance costs	555	(617)	(557)	(2,067)
Share of losses of an associate	-	(116)	(864)	(116)
<b>Profit/(Loss) before taxation</b>	<b>1,550</b>	<b>(19,463)</b>	<b>(638)</b>	<b>(22,860)</b>
Income tax expense	(3,304)	3,128	(5,804)	3,128
<b>Net loss for the period/year</b>	<b>(1,754)</b>	<b>(16,335)</b>	<b>(6,442)</b>	<b>(19,732)</b>
<b>Other comprehensive Gain/(Loss):</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of retirement benefits obligations	(86)	(212)	(86)	(212)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences	39	(780)	386	(1,293)
<b>Other comprehensive gain/(loss) for the period/year, net of tax</b>	<b>(47)</b>	<b>(992)</b>	<b>300</b>	<b>(1,505)</b>
<b>Total comprehensive loss for the period/year</b>	<b>(1,801)</b>	<b>(17,327)</b>	<b>(6,142)</b>	<b>(21,237)</b>
<b>Loss attributable to:</b>				
Owners of the Company	(28,726)	(7,885)	(33,053)	(10,816)
Non controlling interests	26,972	(8,450)	26,611	(8,916)
	<b>(1,754)</b>	<b>(16,335)</b>	<b>(6,442)</b>	<b>(19,732)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(28,773)	(8,877)	(32,753)	(12,321)
Non controlling interests	26,972	(8,450)	26,611	(8,916)
	<b>(1,801)</b>	<b>(17,327)</b>	<b>(6,142)</b>	<b>(21,237)</b>
<b>Loss per share attributable to owners of the Company</b>				
- Basic (sen)	(9.36)	(3.16)	(10.78)	(4.33)
- Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017

**HO WAH GENTING BERHAD**

(Company no: 272923-H)

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2018**

	<b>Unaudited As at 31 Dec 2018 RM'000</b>	<b>Audited As at 31 Dec 2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,332	37,792
Intangible asset	-	11
Investment in associate	-	864
Deferred tax assets	-	2,769
	<b>36,332</b>	<b>41,436</b>
<b>Current assets</b>		
Inventories	27,406	20,784
Trade receivables	16,824	15,802
Other receivables, deposits and prepayments	1,093	1,110
Amount due from an associate	6,121	-
Tax recoverable	-	56
Fixed deposits	154	150
Cash and bank balances	5,001	3,838
	<b>56,599</b>	<b>41,740</b>
<b>TOTAL ASSETS</b>	<b>92,931</b>	<b>83,176</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the Company:		
Share capital	86,349	49,924
Reserves	18,917	40,818
Accumulated losses	(75,295)	(42,291)
	<b>29,971</b>	<b>48,451</b>
Non controlling interests	467	(26,780)
<b>TOTAL EQUITY</b>	<b>30,438</b>	<b>21,671</b>
<b>Non-current liabilities</b>		
Hire purchase and finance lease liabilities	473	205
Long term borrowings	5,517	11,963
Retirement benefits obligation	3,389	3,089
Deferred tax liabilities	2,844	2,780
	<b>12,223</b>	<b>18,037</b>
<b>Current liabilities</b>		
Trade payables	11,608	11,459
Other payables and accruals	19,575	25,027
Tax payables	984	-
Hire purchase and finance lease liabilities	93	50
Short term borrowings	18,010	6,932
	<b>50,270</b>	<b>43,468</b>
<b>TOTAL LIABILITIES</b>	<b>62,493</b>	<b>61,505</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,931</b>	<b>83,176</b>
<b>Net Assets per share (RM)</b>	<b>0.09</b>	<b>0.09</b>
<b>Net Tangible Assets per share (RM)</b>	<b>0.09</b>	<b>0.09</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017

**HO WAH GENTING BERHAD**

(Company no: 272923-H)

**Condensed Consolidated Statement of Changes in Equity  
for the financial year ended 31 December 2018**

	----- Attributable to Shareholders of the Company -----									
	----- Non Distributable -----									
	Share capital	Share premium	Revaluation reserve	Employee share option reserve	Warrant reserve	Exchange fluctuation reserve	Accumulated losses	Sub-total	Non controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current year's 12 months period ended 31 December 2018 (Unaudited)</b>										
At 1 January 2018	49,924	23,098	10,019	1,902	7,348	(1,549)	(42,291)	48,451	(26,780)	21,671
<b>Transaction with owners:</b>										
Employee Share Option ("ESOS") exercised	31	-	-	-	-	-	-	31	-	31
Transfer of ESOS Reserve upon exercise of ESOS	29	-	-	(29)	-	-	-	-	-	-
ESOS lapsed	-	-	-	(135)	-	-	135	-	-	-
Issuance of shares pursuant to Private Placement	13,484	-	-	-	-	-	-	13,484	-	13,484
Expenses related to Private Placement of shares	(217)	-	-	-	-	-	-	(217)	-	(217)
Grant of equity settled share options to employees	-	-	-	975	-	-	-	975	-	975
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	636	636
	13,327	-	-	811	-	-	135	14,273	636	14,909
Transfer of share premium to share capital	23,098	(23,098)	-	-	-	-	-	-	-	-
<b>Other comprehensive gain/(loss) for the year</b>										
Remeasurement of retirement benefits obligations	-	-	-	-	-	-	(86)	(86)	-	(86)
Foreign currency translation differences	-	-	-	-	-	386	-	386	-	386
	-	-	-	-	-	386	(86)	300	-	300
Loss for the year	-	-	-	-	-	-	(33,053)	(33,053)	26,611	(6,442)
Total comprehensive loss for the year	-	-	-	-	-	386	(33,139)	(32,753)	26,611	(6,142)
<b>At 31 December 2018</b>	<b>86,349</b>	<b>-</b>	<b>10,019</b>	<b>2,713</b>	<b>7,348</b>	<b>(1,163)</b>	<b>(75,295)</b>	<b>29,971</b>	<b>467</b>	<b>30,438</b>
<b>Preceding year's 12 months period ended 31 December 2017 (audited)</b>										
At 1 January 2017	49,902	23,098	10,019	2,066	7,348	(256)	(31,415)	60,762	(17,865)	42,897
<b>Transactions with owners:</b>										
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	1	1
Employee Share Options ("ESOS") exercised	11	-	-	-	-	-	(1)	10	-	10
Transfer of ESOS reserve upon exercise of ESOS	11	-	-	(11)	-	-	-	-	-	-
ESOS lapsed	-	-	-	(153)	-	-	153	-	-	-
	22	-	-	(164)	-	-	152	10	1	11
<b>Other comprehensive gain/(loss) for the period</b>										
Foreign currency translation differences	-	-	-	-	-	(1,293)	-	(1,293)	-	(1,293)
Remeasurement of net retirement benefit obligations	-	-	-	-	-	-	(212)	(212)	-	(212)
Other comprehensive loss for the year	-	-	-	-	-	(1,293)	(212)	(1,505)	-	(1,505)
Loss for the year	-	-	-	-	-	-	(10,816)	(10,816)	(8,916)	(19,732)
Total comprehensive loss for the year	-	-	-	-	-	(1,293)	(11,028)	(12,321)	(8,916)	(21,237)
<b>At 31 December 2017</b>	<b>49,924</b>	<b>23,098</b>	<b>10,019</b>	<b>1,902</b>	<b>7,348</b>	<b>(1,549)</b>	<b>(42,291)</b>	<b>48,451</b>	<b>(26,780)</b>	<b>21,671</b>

**HO WAH GENTING BERHAD**

(Company no: 272923-H)

**Condensed Consolidated Statements of Cash Flows  
for the financial year ended 31 December 2018**

	<u>NOTE</u>	Unaudited 31 Dec 2018 RM'000	Audited 31 Dec 2017 RM'000
<b>Cash flows from / (used in) operating activities</b>			
Loss before taxation		(638)	(22,860)
Adjustments for:			
Amortisation of intangible asset	Part B 6	8	8
Bad debts written off	Part B 6	27	194
Depreciation	Part B 6	3,332	3,927
Impairment loss of plant and equipment	Part B 6	-	16,691
Interest expense	Part B 6	557	2,067
Interest income	Part B 6	(114)	(16)
Inventories written off	Part B 6	-	208
Gain on disposal of plant and equipment	Part B 6	(93)	(146)
Gain on disposal of shares in a subsidiary	Part B 6	(589)	-
Allowance for doubtful debts	Part B 6	-	31
Allowance for doubtful debts no longer required	Part B 6	(7)	-
Provision for retirement benefit obligations		241	681
Plant and equipment written off	Part B 6	-	220
Grant of equity settled share options pursuant to ESOS		975	-
Share of losses from an associate		864	116
Unrealised loss on foreign exchange	Part B 6	191	1,989
Unrealised gain on foreign exchange	Part B 6	(564)	(413)
<b>Operating profit before working capital changes</b>		<b>4,190</b>	<b>2,697</b>
Increase in inventories		(6,009)	(2,385)
Decrease/(Increased) in trade and other receivables		1,077	(4,422)
(Decrease)/Increase in trade and other payables		(4,623)	9,464
<b>Cash (used in) / generated from operations</b>		<b>(5,365)</b>	<b>5,354</b>
Income tax paid		(2,001)	-
Interest paid		(1,483)	(1,883)
Interest received		114	16
Retirement benefits paid		(105)	(235)
<b>Net cash (used in) / from operating activities</b>		<b>(8,840)</b>	<b>3,252</b>
<b>Cash flows from / (used in) investing activities</b>			
Decrease in fixed deposits pledged		(5)	20
Subscription of shares in an associate		-	(980)
Advances to an associate		(6,030)	-
Purchase of plant and equipment		(1,956)	(2,186)
Proceeds from disposal of plant and equipment		78	146
<b>Net cash used in investing activities</b>		<b>(7,913)</b>	<b>(3,000)</b>
<b>Cash flows from / (used in) financing activities</b>			
Proceeds from shares issued pursuant to private placement		13,484	-
Proceeds from exercise of ESOS		31	11
Payment of corporate exercise expenses		(217)	-
Proceeds from trade financing		48,721	-
Repayment of trade financing		(38,100)	-
Proceeds from term loan(s)		-	1,600
Repayment of term loan(s)		(6,391)	(7,362)
Proceeds from hire purchase and finance lease liabilities		392	-
Repayment of hire purchase and finance lease liabilities		(82)	(55)
<b>Net cash from / (used in) financing activities</b>		<b>17,838</b>	<b>(5,806)</b>
Exchange differences		78	1,739
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,163</b>	<b>(3,815)</b>
Cash and cash equivalents at beginning of year		3,838	7,653
<b>Cash and cash equivalents at end of year</b>		<b>5,001</b>	<b>3,838</b>
<b>Cash and cash equivalents at end of year comprises:</b>			
Cash and bank balances		5,001	3,838
Deposits with licensed banks		154	150
		5,155	3,988
Deposits pledged as security		(154)	(150)
		<b>5,001</b>	<b>3,838</b>

The Condensed Consolidated Statement Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017



## HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

### NOTES TO FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

#### PART A

#### 1. Basis of Preparation

The interim financial report is unaudited and has been prepared and presented in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements. The interim financial report does not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2017.

#### 2. Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2017 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2018:

Amendments to MFRS 1	:	First time adoption of Malaysia Financial Reporting Standards
Amendments to MFRS 2	:	Share-based payment – <i>Classification and Measurement of Share-based Payment transactions</i>
Amendments to MFRS 4	:	Insurance Contracts – <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract</i>
Amendments to MFRS 140	:	Investment property – <i>Transfers of investment property</i>
Amendments to MFRS 128	:	Investment in Associates and Joint Ventures
IC Interpretations 22 Foreign Currency Transactions and Advanced Consideration	:	Annual Improvements to MFRS 2014 – 2016 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

At the date of authorisation of the Condensed Report, the following Standards were issued and effective and have been adopted by the Group:

		<b>Effective for financial periods beginning on or after</b>	
MFRS 16	:	Leases	01 January 2019
Amendments to MFRS 3	:	Business Combination	
Amendments to MFRS 9	:	Annual Improvements to MFRS 2015 - 2017 Cycle	01 January 2019
Amendments to MFRS 9	:	Prepayment Features with Negative Compensation	01 January 2019

*PART A (continued)*

**2 Significant Accounting Policies (continued)**

		<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 11	Joint Arrangements Annual Improvements to MFRS 2015 – 2017 Cycle	01 January 2019
Amendments to MFRS 112	: Income Taxes – <i>Income tax consequences of payments on financial instruments classified as equity</i> Annual Improvements to MFRS 2015 – 2017 Cycle	01 January 2019
Amendments to MFRS 119	: Employee Benefits – <i>Plan Amendment, Curtailment or Settlement</i>	
Amendments to MFRS 123	: Borrowing Costs – <i>Borrowing costs eligible for capitalization</i> Annual Improvements to MFRS 2015 – 2017 Cycle	01 January 2019
Amendments to MFRS 128	: Investments in Associates and Joint Ventures – <i>Long-term interest in Associates and Joint Ventures</i>	01 January 2019
IC Interpretations 23:	Uncertainty over Income Tax Treatments	01 January 2019

At the date of authorisation of the Condensed Report, the following Standards were issued but not effective and have not been adopted by the Group:

Amendments to MFRS 2	: Share-based Payment	01 January 2020
Amendments to MFRS 3	: Business Combinations	01 January 2020
Amendments to MFRS 6	: Exploration for and Evaluation of Mineral Resources	01 January 2020
Amendments to MFRS 14	: Regulatory Deferral Accounts	01 January 2020
Amendments to MFRS 101	: Presentation of Financial Statements	01 January 2020
Amendments to MFRS 108	: Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
Amendments to MFRS 134	: Interim Financial Reporting	01 January 2020
Amendments to MFRS 137	: Provisions, Contingent Liabilities and Contingent Assets	01 January 2020
Amendments to MFRS 138	: Intangible Assets	01 January 2020
Amendments to IC Interpretation 12:	Service Concession Arrangements	01 January 2020
Amendments to IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Instruments	01 January 2020
Amendments to IC Interpretation 20:	Stripping Costs in the Production Phase of a Surface Mine	01 January 2020
Amendments to IC Interpretation 22:	Foreign Currency Transactions and Advance Consideration	01 January 2020
Amendments to IC Interpretation 132:	Intangible Assets - Web Site Costs	01 January 2020
MFRS 17	: Insurance Contracts	01 January 2021
Amendments to MFRS 10 and MFRS 128	: Consolidated Financial Statements and Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	The effective date of these Standards have been deferred, and yet to be announced by MASB.



*PART A (continued)*

**2 Significant Accounting Policies (continued)**

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any impact to the financial statements of the Group.

**3. Qualification of Financial Statements**

There has not been any qualification made by the auditors on the annual financial statements of the Group for the year ended 31 December 2017.

**4. Seasonality or Cyclicity of Operations**

Based on past historical trend, sales of the manufacturing division (the main revenue contributor to the Group) would gradually increase in the second quarter and normally peak in the third quarter arising from increase in customers' demand in anticipation of the festive seasons towards year end and then demand would slowly decline in the fourth quarter until the first quarter of the following year.

**5. Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

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

**6. Material Change in Estimates**

There were no changes in estimates that had a material impact to the results of the current quarter under review.

**7. Issuance and Repayment of Debt and Equity Securities**

During the financial year, the Company made the following issuance of share capital:

(a) Exercise of Employee Share Options Scheme (“ESOS”)

- (i) A total of 559,893 ESOS was converted into 559,893 (prior to consolidation on 7 March 2018:139,974) new ordinary shares at the issue price of RM0.055 each and total proceeds of RM30,794.12 was raised. These new ordinary shares were listed on BMSB on 26 January 2018.
- (ii) In consequences to the aforesaid exercise of ESOS, RM29,282.40 was transferred out from the ESOS reserve account to the share capital.



**PART A (continued)**

**7. Issuance and Repayment of Debt and Equity Securities (continued)**

(b) Private Placement of shares

Upon the completion of the Company's Shares Consolidation Exercise on 7 March 2018, the Company undertook a private placement of up to 77,597,200 new consolidated shares representing up to 30% of the issued shares of the Company. On 27 March 2018, the Company issued 74,910,400 new ordinary shares at an issue price of RM0.18 per share. A total of RM13,483,872.00 was raised from the issuance of new shares and these shares were listed on BMSB on 29 March 2018.

**8. Dividends Paid**

No dividend was paid in the current quarter under review.

**9. The Status of Corporate Proposals**

On 4 January 2019, the Company through its advisor Kenanga Investment Bank Berhad ("Kenanga IB") announced that the Company proposed to undertake a private placement of up to 34,241,766 new ordinary shares of HWGB ("Placement Shares") representing approximately ten percent (10%) of the total number of issued shares of HWGB ("Proposed Private Placement"). On behalf of the Company, Kenanga IB had on the same day submitted to BMSB listing and quotation application for the Placement Shares.

On 17 January 2019 Kenanga IB announced on behalf of the Company that BMSB via its letter dated 16 January 2019, approved the listing of and quotation for up to 34,241,766 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- (a) HWGB and Kenanga IB must fully comply with the relevant provisions under the Main Market Listing Requirements of BMSB pertaining to the implementation of the Proposed Private Placement;
- (b) HWGB and Kenanga IB to inform BMSB upon the completion of the Proposed Private Placement; and
- (c) Kenanga IB to furnish BMSB with a written confirmation of its compliance with the terms and conditions of BMSB's approval once the Proposed Private Placement is completed.

**10. Segmental Reporting**

Analysis of the Group's segmental revenue, results, assets and liabilities for business segments for the financial year ended 31 December 2018 are as follow:





**Ho Wah Genting Berhad (Company No: 272923-H)**

[Notes to Quarterly Financial Report – continued]

**PART A** (continued)

**10. Segmental Reporting** (continued)

	Investment RM'000	Moulded Power Supply Cord sets RM'000	Wires and Cables RM'000	Mining RM'000	Travelling services RM'000	Total RM'000	Elimination RM'000	Group RM'000
<b>Current year's 12 months period ended 31 December 2018</b>								
<b>Segmental revenue by strategic/functional division units</b>								
External revenue	221	154,774	98	-	4,614	159,707	-	159,707
Inter-segment revenue	77	91	-	-	31	199	(199)	-
	<u>298</u>	<u>154,865</u>	<u>98</u>	<u>-</u>	<u>4,645</u>	<u>159,906</u>		<u>159,707</u>
<b>Segmental revenue by regions</b>								
Malaysia	298	91	98	-	4,645	5,132	(199)	4,933
The rest of Asia	-	12,666	-	-	-	12,666	-	12,666
North America	-	142,108	-	-	-	142,108	-	142,108
	<u>298</u>	<u>154,865</u>	<u>98</u>	<u>-</u>	<u>4,645</u>	<u>159,906</u>		<u>159,707</u>
<b>Results</b>								
Operating profit/(loss)	(7,965)	7,875	(15)	54,319	(159)	54,055	(53,272)	783
Profit/(Loss) before interest and tax	(7,965)	7,875	(15)	54,319	(159)	54,055	(53,272)	783
Profit/(Loss) before tax	(9,048)	6,817	(219)	54,317	(159)	51,708	(52,346)	(638)
Profit/(Loss) after tax	(8,938)	838	(219)	54,317	(159)	45,839	(52,281)	(6,442)
Non controlling interest	4	-	-	(26,615)	-	(26,611)	-	(26,611)
Profit/(Loss) attributable to owners of the Company	<u>(8,934)</u>	<u>838</u>	<u>(219)</u>	<u>27,702</u>	<u>(159)</u>	<u>19,228</u>	<u>(52,281)</u>	<u>(33,053)</u>
<b>Assets and liabilities as at 31 December 2018</b>								
<b>Segmental assets</b>								
Consolidated total assets	<u>98,961</u>	<u>77,604</u>	<u>22,146</u>	<u>-</u>	<u>1,702</u>	<u>200,413</u>	<u>(107,482)</u>	<u>92,931</u>
<b>Segmental liabilities</b>								
Consolidated total liabilities	<u>28,105</u>	<u>62,824</u>	<u>11,060</u>	<u>-</u>	<u>475</u>	<u>102,464</u>	<u>(39,973)</u>	<u>62,491</u>
<b>Segmental non current assets by regions</b>								
Malaysia	80,779	-	3	-	53	80,835	(69,406)	11,429
The rest of Asia	-	23,239	-	-	-	23,239	1,664	24,903
North America	-	-	-	-	-	-	-	-
	<u>80,779</u>	<u>23,239</u>	<u>3</u>	<u>-</u>	<u>53</u>	<u>104,074</u>		<u>36,332</u>



**Ho Wah Genting Berhad (Company No: 272923-H)**

[Notes to Quarterly Financial Report – continued]

**PART A (continued)**

**10. Segmental Reporting (continued)**

	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Tin mining RM'000	Travelling services RM'000	Total RM'000	Elimination RM'000	Group RM'000
<b>Preceding year's 12 months period ended 31 December 2017</b>								
<b>Segmental revenue by strategic/functional division units</b>								
External revenue	147	151,691	145	400	4,180	156,563	-	156,563
Inter-segment revenue	152	120	-	-	60	332	(332)	-
	299	151,811	145	400	4,240	156,895	(332)	156,563
<b>Segmental revenue by regions</b>								
Malaysia	299	120	145	400	4,240	5,204	(332)	4,872
The rest of Asia	-	8,589	-	-	-	8,589	-	8,589
North America	-	143,102	-	-	-	143,102	-	143,102
	299	151,811	145	400	4,240	156,895	(332)	156,563
<b>Results</b>								
Profit/(Loss) from operations	(39,902)	6,912	(1,463)	(18,174)	(330)	(52,957)	32,280	(20,677)
Profit/(Loss) before interest and tax	(39,902)	6,912	(1,463)	(18,174)	(330)	(52,957)	32,280	(20,677)
Profit/(Loss) before tax	(40,265)	5,299	(1,668)	(18,176)	(330)	(55,140)	32,280	(22,860)
Profit/(Loss) after tax	(40,155)	8,317	(1,668)	(18,176)	(330)	(52,012)	32,280	(19,732)
Non controlling interest	8	-	-	8,906	2	8,916	-	8,916
Profit/(Loss) attributable to owners of the Company	(40,147)	8,317	(1,668)	(9,270)	(328)	(43,096)	32,280	(10,816)
<b>Assets and liabilities as at 31 December 2017</b>								
<b>Segmental assets</b>								
Consolidated total assets	91,731	72,288	23,768	854	1,963	190,604	(107,428)	83,176
<b>Segmental liabilities</b>								
Consolidated total liabilities	56,063	60,403	12,462	56,418	511	185,857	(124,352)	61,505
<b>Segmental non current assets by regions</b>								
Malaysia	80,170	-	4	650	56	80,880	(68,383)	12,497
The rest of Asia	-	23,604	-	-	-	23,604	1,702	25,306
North America	-	-	-	-	-	-	-	-
	80,170	23,604	4	650	56	104,484	(66,681)	37,803



***PART A (continued)***

**11. Valuations of Property, Plant and Equipment**

The valuations of property, plant and equipment of the Group have been brought forward without amendment from the previous year audited financial statements.

**12. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the interim period other than the “Proposed Private Placement” as disclosed in Note 9 of Part A.

**13. Changes in the Composition of the Group**

On 19 November 2018, the Company announced that it had entered into a Conditional Share Sale and Purchase Agreement with Madam Chuar Siew Khim to dispose of its entire 51% equity shareholding in HWG Tin Mining Sdn Bhd (“HWGTM”), comprising of 1,020,000 ordinary shares in HWGTM for a total cash consideration of RM1.00 (“Disposal”).

The said Disposal was completed on 6 December 2018 and HWGTM ceased to be a subsidiary of the Company.

**14. Contingent Liabilities and Contingent Assets**

The Company and the Group have no material contingent liabilities and contingent assets at the end of the current quarter under review.

**15. Capital Commitments**

There were no material capital commitments for the Company and the Group at the end of the current quarter under review.



**PART B**  
**ADDITIONAL INFORMATION REQUIRED BY BMSB’S LISTING REQUIREMENTS**

**1. Group’s Financial Performance Review And Segmental Analysis**

**Summary of Statement of Profit and Loss of the Group**

	Individual Quarter (Fourth Quarter)		Changes		Cumulative Quarters (Year todate)			
	Current Year Quarter 31/12/2018 RM’000	Preceding Year Corresponding Quarter 31/12/2017 RM’000	RM’000	%	Current Year to-date 31/12/2018 RM’000	Preceding Year Corresponding Period 31/12/2017 RM’000	RM’000	%
Revenue	38,448	41,707	(3,259)	-7.8	159,707	156,563	3,144	2.0
Profit/(Loss) from operations	995	(18,730)	19,725	105.3	783	(20,677)	21,460	103.8
Profit/(Loss) before interest and taxation	995	(18,730)	19,725	105.3	783	(20,677)	21,460	103.8
Profit/(Loss) before taxation	1,550	(19,436)	20,986	108.0	(638)	(22,860)	22,222	97.2
Loss after taxation	(1,754)	(16,335)	14,581	89.3	(6,442)	(19,732)	13,290	67.4
Loss attributable to owners of the Company	(28,726)	(7,885)	(20,841)	-264.3	(33,053)	(10,816)	(22,237)	-205.6



**PART B - Additional Information Required By BMSB's Listing Requirements (continued)**

**1. Group's Financial Performance Review And Segmental Analysis (continued)**

**A. Overall Review of Group's Financial Performance**

The higher revenue of RM159.71 million (2017: RM156.56 million) recorded for the financial year ended 31 December 2018 was contributed by higher sales of USD3.27 million from the Moulded Power Supply Cord Sets Division in Indonesia. However, the increase in RM revenue as compared to the preceding year's corresponding period was lower due to the appreciation of RM against the USD. The average exchange rate used for financial year ended 31 December 2018 was RM4.0299/USD (2017: RM4.3175/USD).

The lower loss before taxation of RM0.64 million (2017: RM22.86 million) recorded for the financial year ended 31 December 2018 were mainly due to higher profit before taxation of RM6.82 million (2017: RM5.30 million) generated from the Moulded Power Supply Cords Set Division and lower loss before taxation of RM0.22 million (2017: RM1.67 million) in the Wire and Cable Division. The preceding year's loss before taxation of RM22.86 million included impairment losses of RM16.69 million provided in the Tin Mining Division for the mines properties, plant and machinery and fixtures and equipment. The Group had completed the disposal of the Tin Mining Division on 6 December 2018.

**B. Summary of Statement of Financial Positions of the Group**

	Unaudited 31/12/2018 RM'000	Audited 31/12/2017 RM'000	Changes RM'000	%
Non current assets	36,332	41,436	(5,104)	-12.3
Current assets	56,599	41,740	14,859	35.6
Current liabilities	(50,270)	(43,468)	6,802	15.6
Non current liabilities	(12,223)	(18,037)	(5,814)	-32.2
Equity attributable to owner of the Company	(29,971)	(48,451)	(18,480)	-38.1
Non controlling interest	(467)	26,780	27,247	101.7
Total equity	(30,438)	(21,671)	8,767	40.5

*Figures in bracket denotes credit balances*

The decrease of RM5.10 million or 12.3% in non-current assets was mainly due to the reduction in carrying amount of RM0.86 million in investment in an associate after equity accounting the share of loss for current financial year. Other changes to non-current assets were depreciation charged on property, plant and equipment of RM3.33 million and the reversal of RM3.03 million deferred taxation asset. The additions to non-current assets are the purchase of plant and equipment of RM1.96 million.



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

***1. Group's Financial Performance Review And Segmental Analysis (continued)***

**B. Summary of Statement of Financial Positions of the Group (continued)**

The increase of RM14.86 million or 35.6% in current assets were mainly due to increase in inventories of RM6.62 million to cater for the sales orders in the first quarter of 2019, advances to an associate of the Company of RM6.03 million for working capital requirement and net increase in cash and bank balances of RM1.16 million.

The increase of RM6.80 million or 15.6% in current liabilities were mainly due to net drawdown of trade financing facility of RM10.62 million to pay down the trade payables of RM5.30 million and for purchased of inventories. Also there was tax payable provision of RM0.98 million.

The decrease of RM5.81 million or 32.2% in non-current liabilities was mainly due to reclassifications of long term borrowings of RM6.45 million into short term borrowings and after scheduled repayment to financial institutions. Other changes were additional provision for retirement benefit obligations of RM0.30 million and drawdown of a new hire purchase and finance lease facility of RM0.32 million.

The changes in non-controlling interest (“NCI”) from debit balance of RM26.78 million to credit balance of RM0.47 million was due to the disposal of HWGTM and subsequent derecognition of its NCI.

The decrease in “equity attributable to owner of the Company” of RM18.48 million or 38.1% was mainly due to the total comprehensive loss for the year attributable to the owners of the Company of RM32.75 million. The decrease was lowered by the increased in issued and paid up share capital of RM13.33 million and increase in ESOS reserve of RM0.81 million.

The increase in “total equity” of RM8.77 million or 40.5% were mainly due to the increase in issued and paid up share capital of RM13.33 million, increase in ESOS reserve of RM0.81 million and the positive net change in NCI of RM27.25 million. The increase was lowered after deducting the total comprehensive loss for the year attributable to the owners of the Company of RM32.75 million.

**C. Summary of Statement of Cash Flows of the Group**

	Unaudited 31/12/2018	Unaudited 31/12/2017	Changes	
	RM'000	RM'000	RM'000	%
Net cash (used in)/from operating activities	(8,840)	3,252	(12,092)	-371.8
Net cash used in investing activities	(7,913)	(3,000)	(4,913)	-163.8
Net cash from/(used in) financing activities	17,838	(5,806)	23,644	407.2
Exchange differences	78	1,739	(1,661)	-95.5
Net increase/(decrease) in cash and cash equivalent	1,163	(3,815)	4,978	130.5



**PART B - Additional Information Required By BMSB's Listing Requirements (continued)**

**1. Group's Financial Performance Review And Segmental Analysis (continued)**

**C. Summary of Statement of Cash Flows of the Group**

The “net cash used in operating activities” for the financial year ended 31 December 2018 was RM8.84 million as compared to a “net cash from operating activities” of RM3.25 million for the financial year ended 31 December 2017. The higher net cash used in operating activities despite the Group generated higher “operating profits before working capital changes” of RM4.19 million (2017: RM2.70 million) were due to the followings:

- i) Higher inventories of RM6.01 million to cater for the sales orders in the first quarter of 2019;
- ii) Payment of trade payables amounting to RM5.45 million from trade financing facility to negotiate for better trade terms; and
- iii) Payment of income tax of RM2.00 million.

The “net cash used in investing activities” of RM7.91 million were mainly due to cash advanced to an associate of RM6.03 million and purchase of plant and equipment of RM1.96 million.

The “net cash from financing activities” of RM17.84 million for the financial year ended 31 December 2018 were mainly derived from the followings:

- i) Net proceeds from private placement and exercise of ESOS of RM13.33 million;
- ii) Net proceeds from trade financing facilities drawdown of RM10.62 million;
- iii) Drawdown of hire purchase and finance lease facility of RM0.39 million;
- iv) Repayment of term loans of RM6.39 million; and
- v) Repayment of hire purchase and finance lease obligations of RM0.08 million.

**D. Segmental Analysis**

**I. Moulded Power Supply Cord Sets Division**

Summary of revenue by regions	Cumulative Quarters			
	31/12/2018	31/12/2017	Changes	
	USD'000	USD'000	USD'000	%
<b>Sales to external parties</b>				
North America	35,263	33,145	2,118	6.4
The rest of Asia	3,143	1,989	1,154	58.0
	<u>38,406</u>	<u>35,134</u>	<u>3,272</u>	<u>9.3</u>
<b>Sales within HWGB Group</b>				
Malaysia – Wires and Cables Division	23	28	(5)	-17.9
	<u>38,429</u>	<u>35,162</u>	<u>3,267</u>	<u>9.3</u>

**Note:** “The rest of Asia” refers to Indonesia, Singapore, Thailand, Vietnam and Taiwan.

The sales to North America increased by USD2.12 million or 6.4% for the financial year ended 31 December 2018 were due to higher average copper rod price of USD7,003 per metric tonne (“MT”) (2017: USD6,267 per MT) and higher total consumption of copper rods of 2,517 MT (2017: 2,423 MT). The sales to “the rest of Asia” increased by USD1.15 million or 58.0% as compared to the preceding year’s corresponding period were due to higher demand from existing and new customers.



**PART B - Additional Information Required By BMSB's Listing Requirements (continued)**

**I. Group's Financial Performance Review And Segmental Analysis (continued)**

**D. Segmental Analysis (continued)**

**I. Moulded Power Supply Cord Sets Division (continued)**

The sales to Wires and Cables Division remained low for both financial years ended 31 December 2018 and 31 December 2017 were mainly due to the following:

- Local manufacturers had shorter lead time and accept smaller quantity purchase compared to bulk purchase.
- Volatility of RM against USD discouraged local customers to import and instead place the order with local manufacturers to minimize their foreign currency exposure.

	Cumulative Quarter			
	31/12/2018	31/12/2017	Changes	
	USD'000	USD'000	USD'000	%
Revenue	38,429	35,162	3,267	9.3
Operating profit	1,954	1,626	328	20.2
Profit before interest and tax	1,954	1,626	328	20.2
Profit before tax	1,691	1,252	439	35.1
Profit after tax	208	1,286	(1,078)	-83.8
Profit attributable to owner of the Company	208	1,286	(1,078)	-88.8

The higher profit before taxation of USD1.69 million (2017: USD1.25 million) for the financial year ended 31 December 2018 was due to higher revenue generated and improved production efficiency for the year under review.

The lower profit after taxation were due to the current year's provision for taxation of USD0.48 million, under provision in prior years of USD0.26 million and overprovision of deferred taxation assets of USD0.74 million.

**II. Wires and Cables Division**

The low sales of RM0.10 million and RM0.15 million for both financial years ended 31 December 2018 and 31 December 2017 respectively were mainly due to the following tough competition from local manufacturers:

- shorter lead time for supply of goods.
- Allowance of smaller quantity order compared to bulk import and with longer credit term given.

The lower loss before taxation of RM0.22 million (2017: RM1.67 million) for the financial year ended 31 December 2018 was mainly due to net unrealized foreign currency exchange gain of RM0.15 million as compared to a net foreign currency exchange loss of RM0.91 million in 2017. The exchange rate as at 31 December 2018 was RM4.1360/USD as compared to RM4.0475/USD on 31 December 2017.





**PART B - Additional Information Required By BMSB's Listing Requirements (continued)**

**1. Group's Financial Performance Review And Segmental Analysis (continued)**

**D. Segmental Analysis (continued)**

**III. Tin Mining Division**

The Tin Mining Division has temporary halted its mining activities in 2017 due to low grade of tin ore. Accordingly, no operating revenue was recorded for the financial year ended 31 December 2018 (2017: RM0.40 million). The profit before taxation of RM54.32 million was due to waiver of advances of RM55.26 million granted by HWGB and after deducting maintenance and repair costs on plant and machineries, rehabilitation costs and other operating costs of RM0.94 million at the tin mining site. The loss before taxation of RM18.18 for the immediate preceding financial year was mainly due to impairment losses provided for plant and machineries, furniture, fittings and equipment and mines properties amounting to RM16.69 million. The Tin Mining Division was disposed off by the Company on 6 December 2018.

**IV. Travel Services Division**

Summary of revenue by products	Cumulative Quarter			
	31/12/2018 RM'000	31/12/2017 RM'000	Changes RM'000	%
<b>Sales to external parties</b>				
Tour packages	2,214	2,125	89	4.2
Cruise tour	463	269	194	72.1
Hotel booking	260	560	(300)	-53.6
Air tickets	1,606	1,143	463	40.5
Other tour related services	71	84	(13)	-15.5
	<u>4,614</u>	<u>4,181</u>	<u>433</u>	<u>10.4</u>
<b>Sales within HWGB Group</b>				
Air tickets	31	60	(29)	-48.3
	<u>4,645</u>	<u>4,241</u>	<u>404</u>	<u>9.5</u>

The higher revenue of RM4.64 million (2017: RM4.24 million) for the financial year ended 31 December 2018 were due to higher sales of tour packages, cruise tour and air tickets. The higher revenue generated had reduced the loss before taxation to RM0.16 million (2017: RM0.33 million).

The tour fair participated to promote travel packages at competitive price in the current financial year had improved the revenue of this division.

**V. Investment Division**

Investment Division consists of the Company, investment holding subsidiaries and inactive subsidiaries.



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

***1. Group's Financial Performance Review And Segmental Analysis (continued)***

***D. Segmental Analysis (continued)***

**V. Investment Division**

At Company level, the Company recorded a loss before taxation RM8.36 million for the financial year ended 31 December 2018 as compared to a loss before taxation of RM39.08 million in the preceding financial year. The higher loss before taxation in the immediate preceding financial year was mainly due to the provision of doubtful debts on amount due from subsidiary amounting to RM30.09 million (2018: RM1.06 million) and impairment losses on investment in subsidiaries of RM2.16 million (2018: RM0.42 million).

In the opinion of the Directors, other than those disclosed above, the results for the financial year ended 31 December 2018 have not been affected by any transactions or events of a material or unusual nature which have arisen from 31 December 2018 to the date of issue of this quarterly report.

***PART B - Additional Information Required By BMSB's Listing Requirements***  
*(continued)*

**2. Comparison of Preceding Year's Corresponding Quarter's Result**  
*(Individual 4<sup>th</sup> Quarter 2018 vs Individual 4<sup>th</sup> Quarter 2017)*

The Group's revenue for current quarter as compared to preceding year's corresponding quarter decreased by RM3.26 million or 7.8%. The lower revenue was due to the Moulded Power Supply Cords Sets Division in Indonesia which recorded lower revenue of USD8.90 million (Q4 2017: USD9.63 million) because of lower average copper rod price of USD6,496 per MT (immediate preceding year corresponding quarter: USD6,901 per MT). The lower revenue was further affected by the appreciation of RM against the USD (current quarter average exchange rate: RM4.0299/USD; preceding year's corresponding quarter: RM4.3175/USD).

The Group posted a profit before taxation of RM1.55 million in the current quarter as compared to a loss before taxation of RM19.46 million in the preceding year's corresponding quarter. The turnaround from loss before taxation into profit before taxation were mainly due to the followings:

- i) Higher profit before taxation recorded in the Moulded Power Supply Cord Sets Division and lower loss before taxation in both Wires and Cables Division and Travel Services Division;
- ii) The reversal of RM0.93 million overprovision of interest expense charged by a supplier of goods for long overdue amount in the Moulded Power Supply Cord Sets Division in 2015; and
- iii) Gain on disposal of HWGTM during the quarter of RM0.59 million.

Included in the immediate preceding year corresponding quarter, the Group's tin Mining Division recorded a loss before taxation of RM17.25 million mainly due to impairment loss on plant and machineries, furniture, fittings and equipment and mines properties of RM16.69 million.

**3. Comparison of Current Year Preceding Quarter's Results**  
*(Individual 4<sup>th</sup> Quarter 2018 vs Individual 3<sup>rd</sup> Quarter 2018)*

The Group's revenue for the current quarter decreased by RM5.65 million or 12.8% as compared to its immediate preceding quarter. The lower revenue was mainly due to seasonal lower sales recorded of USD8.90 million (Q3 2018: USD10.54 million) in the Moulded Power Supply Cord Sets Division.

The Group posted a profit before taxation of RM1.55 million in the current quarter as compared to a profit before taxation of RM0.12 million in the immediate preceding quarter. The higher profit before taxation in the current quarter were mainly due to the reversal of overprovision of interest expense of RM0.93 million charged by a supplier of goods for long overdue amount in the Moulded Power Supply Cord Sets Division and gain on disposal of HWGTM during the quarter of RM0.59 million.



***PART B - Additional Information Required By BMSB's Listing Requirements***  
*(continued)*

**4. Commentary on Prospects**

The recovery in the US economy has pushed the demand for housing market higher, improved the employment rate and led to higher consumers spending. All these factors may have a favourable effect to the sale of moulded power supply cord sets as the sales to US accounts for majority of the Group's revenue.

However, the Board is of the opinion that business operations in moulded power supply cord sets and wire and cable remain challenging in view of the intense competition in the US market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, high volatility of copper price and high working capital requirement.

To counter these unfavourable conditions, the Moulded Power Supply Cord Sets Division will continue to focus on lean manufacturing process for better operational productivity, improve efficiencies, and higher product quality in order to be more competitive and attract more customers.

The Group's 49% owned travel retail business, Dufry HWG Shopping Sdn Bhd commenced business in February 2018. The Board is hopeful that this new venture will provide additional profit from the share of operating results after tax of the associate in the near future.

Barring unforeseen circumstances, the Group is targeting to achieve better operating and financial performance for the financial year ending 31 December 2019.

Meanwhile, the Board will continue to explore viable, synergistic and profitable business ventures to improve the Group's performance.

**5. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2018.



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

**6. Notes to the Comprehensive Income Statement**

Loss before taxation is derived at:

	Individual Quarter		Cumulative Quarter	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
<b>After charging:</b>				
Amortisation of intangible assets	2	2	8	8
Allowance for doubtful debts				
– Trade receivables	-	-	-	31
– Other receivables	40	-	1,060	-
Depreciation of property, plant and equipment	703	467	3,332	3,927
Interest income / expense (Note 6a)	(555)	617	557	2,067
Rental of premises	6	6	24	24
Rental of plant and equipment	5	3	116	29
Lease rental of equipment	-	-	-	22
Retirement benefit obligations	(241)	288	241	681
Fair value ESOS expense	5	-	975	-
Profit/(loss) on foreign exchange				
- Realised	28	(77)	179	4
- Unrealised	(9)	81	191	1,989
<b>And crediting:</b>				
Allowance for doubtful debts no longer required				
– Trade receivables	-	-	7	-
Interest income	93	5	114	16
Gain on disposal of plant and equipment	16	34	93	146
Gain on disposal of shares in subsidiary	589	-	589	-
Rental income from premises	309	235	576	420
Gain/(loss) on foreign exchange				
- Realised	(130)	(124)	345	212
- Unrealised	(19)	(205)	564	413

**6 (a) Interest expense**

	Individual Quarter		Cumulative Quarter	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Term loan interest	251	429	1,199	1,866
Trade financing interest	113	-	259	-
Hire purchase and finance lease interest	7	4	25	17
Promissory note interest	-	184	-	184
* Overprovision of interest on trade payable	(926)	-	(926)	-
	<u>(555)</u>	<u>617</u>	<u>557</u>	<u>2,067</u>

\* The overprovision of interest on trade payable is incurred by the Moulded Power Supply Cords Sets Division for long overdue amount owing to a supplier for goods supplied. This amount had since been fully settled.



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

**7. Taxation**

Taxation for current quarter and financial year to date under review comprises the following:

	Individual Quarter		Cumulative Quarter	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
<b>i. Current tax expense</b>				
- Malaysia	-	-	-	-
- Overseas	345	-	1,925	-
	<u>345</u>	<u>-</u>	<u>1,925</u>	<u>-</u>
<b>ii. Under/(Over) provision in prior year:</b>				
- Malaysia	-	-	-	-
- Overseas	123	-	1,043	-
	<u>123</u>	<u>-</u>	<u>1,043</u>	<u>-</u>
<b>iii. Deferred tax liabilities/(assets):</b>				
- Malaysia	-	-	-	-
- Overseas	2,836	(3,128)	2,836	(3,128)
	<u>2,836</u>	<u>(3,128)</u>	<u>2,836</u>	<u>(3,128)</u>
<b>Total</b>	<u>3,304</u>	<u>(3,128)</u>	<u>5,804</u>	<u>(3,128)</u>

**8. Purchase or Disposal of Quoted Securities/Other Financial Assets**

There was no purchase or disposal of quoted securities and/or other financial assets during the financial year ended 31 December 2018.

**9. Investment in Associate**

There was no purchase or disposal of equity stakes in associate during the current quarter.

The investment in associate as at 31 December 2018 is as follows:

	31/12/2018 RM'000	31/12/2017 RM'000
Unquoted shares at cost	980	980
Share of post acquisition loss	(980)	(116)
	<u>-</u>	<u>864</u>



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

**10. Group Borrowings and Debt Securities**

	As at fourth quarter ended 31 December 2018					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
Term Loan 1 (“TL1”) *	-	-	-	-	-	-
Term Loan 2	-	3,814	-	186	-	4,000
Term Loan 3	-	1,569	-	31	-	1,600
Term Loan 4 (“TL4”) *	32	134	1,667	6,893	1,699	7,027
Trade financing*	-	-	2,635	10,900	2,635	10,900
	32	5,517	4,302	18,010	4,334	23,527
Hire purchase and finance lease liabilities	-	473	-	93	-	566
	32	5,990	4,302	18,103	4,334	24,093

\* USD1.0000 is equivalent to RM4.1360

- The TL1 of the foreign subsidiary of the Company was fully refinanced by TL4 during the financial year. TL4 has a limit of up to USD3.00 million and bears an interest rate of 7.00% floating per annum, which is 2.00% lower than TL1.
- The trade financing facility obtained by the foreign subsidiary of the Company has a limit of up to USD3.00 million and bears an interest rate of 7.00% floating per annum.
- During the financial year, the Company obtained a hire purchase and finance lease facility of RM392,000 from a local financial institution to finance the purchase of a motor vehicle. This facility bears an interest rate of 2.39% flat per annum.

	As at fourth quarter ended 31 December 2017					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
Term loan 1*	1,560	6,314	1,667	6,746	3,227	13,060
Term loan 2	-	4,049	-	186	-	4,235
Term loan 3	-	1,600	-	-	-	1,600
	1,560	11,963	1,667	6,932	3,227	18,895
Hire purchase and finance lease liabilities	-	205	-	50	-	255
	1,560	12,168	1,667	6,982	3,227	19,150

\* USD1.0000 is equivalent to RM4.0475

**11. Off Balance Sheet Financial Instruments**

The Group did not have any financial instruments with off balance sheet risk as at 21 February 2019, being the latest practicable date.



***PART B - Additional Information Required By BMSB's Listing Requirements (continued)***

**12. Financial Risk Management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

**13. Material Litigation**

There is no material litigation for the Group as at 21 February 2019, being the latest practicable date.

**14. Status of utilisation of proceeds raised from the Private Placement of ordinary shares**

The proposed and actual utilisation of RM13,483,872 proceeds raised from the Private Placement of 74,910,400 new ordinary shares at an issue price of RM0.18 each, which was completed on 29 March 2018 are as follows:

<b>Purpose</b>	<b>Proposed utilization RM'000</b>	<b>Actual utilization as at 21/02/2019 RM'000</b>	<b>Varied utilization of proceed of RM'000</b>	<b>Balance RM'000</b>	<b>Estimated timeframe for utilization from listing of Placement Shares</b>
Shareholder's equity and shareholder's loan into Dufry HWG Shopping Sdn Bhd	9,000	(9,000)	-	-	Within 12 months
Working capital: For the Group's manufacturing of moulded power supply cord sets division	2,564	(2,564)	400	400	Within 12 months
Working capital: For the Group's tin mining division	1,300	(900)	(400)	-	Within 12 months
Estimated expenses for the proposals	620	(620)	-	-	Within 1 month
<b>Total</b>	<b>13,484</b>	<b>(13,084)</b>	<b>-</b>	<b>400</b>	

Out of the total proceeds raised from the Private Placement exercise, RM1.30 million is earmarked for financing of tin mining tailings processing and drilling works of HWGTM. As at 11 December 2018, RM0.40 million out of the RM1.30 million earmarked for tin mining remain unutilised.





***PART B - Additional Information Required By BMSB’s Listing Requirements (continued)***

**14. Status of utilisation of proceeds raised from the Private Placement of ordinary shares (continued)**

Following the completion of the disposal of HWGTM which was announced on 6 December 2018, the Company has resolved to vary the aforementioned balance of RM0.40 million to be utilised for purchase of copper rods for the Group’s manufacturing of moulded power supply cord sets division.

On 11 December 2018, the Company announced the variation of the utilisation of proceeds accordingly to BMSB.

**15. Memorandum of Agreement Announced**

On 22 January 2019, the Board of Directors of HWGB announced that the Company had on the same day entered into a Memorandum of Agreement (“MOA”) with Dato’ Mohd Razaly Bin Maulud (NRIC no: 770329-01-6739) and Datin Rubaizah Binti Sakari (NRIC no: 771217-01-6130) (collectively the “Vendors”) to acquire from the Vendors 70% of the entire shares in VTI Marketing (M) Sdn Bhd (Company no: 1167871-A) for a cash consideration of RM3,000,000.

**16. Loss per share**

**Basic**

	Individual Quarter		Cumulative Quarter	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loss attributable to shareholders of the Company (RM’000)	(28,726)	(7,885)	(33,053)	(10,816)
Weighted average number of ordinary shares (’000) – basic	306,750	249,543	306,750	249,543
<b>Basic (sen)</b>	<b><u>(9.36)</u></b>	<b><u>(3.16)</u></b>	<b><u>(10.78)</u></b>	<b><u>(4.33)</u></b>

**Diluted**

As at 31 December 2018 and 31 December 2017, diluted loss per share were not presented in the financial statements as there is an anti-dilutive effect on the loss per share.

**By Order of the Board**

**Coral Hong Kim Heong**  
 (MAICSA 7019696)  
 Company Secretary

Date: 28 February 2019