



HO WAH GENTING BERHAD

(Company no: 272923-H)

Condensed Consolidated Statement of Comprehensive Income for the period ended 30 June 2020

	Note	Individual Quarter		Cummulative Quarters	
		2020 Apr - Jun RM'000	2019 Apr - Jun RM'000	2020 Jan - Jun RM'000	2019 Jan - Jun RM'000
Continuing operations					
Revenue					
- sales of goods		53,217	60,830	100,924	96,895
- rendering of services		28	1,142	474	2,365
- rental income		22	55	44	110
		53,267	62,027	101,442	99,370
Cost of sales					
- sales of goods		(49,358)	(55,874)	(93,722)	(88,829)
- rendering of services		(29)	(1,094)	(441)	(2,266)
- rental income		-	-	-	-
		(49,387)	(56,968)	(94,163)	(91,095)
		3,880	5,059	7,279	8,275
Other operating income		(598)	224	2,213	1,101
Distribution costs		(743)	(789)	(1,429)	(1,506)
Administrative expenses		(3,449)	(3,022)	(6,379)	(5,873)
Other operating expenses		(420)	(64)	(741)	(877)
Net allowance for expected credit loss of receivables		1	1	3	3
Profit/(Loss) from operations	Part B 6	(1,329)	1,409	946	1,123
Finance income	Part B 7	19	9	27	53
Finance costs	Part B 8	(389)	(534)	(718)	(1,048)
Net finance costs		(370)	(525)	(691)	(995)
Share of losses of an associate	Part B 11	-	-	-	-
Profit/(Loss) before taxation		(1,699)	884	255	128
Income tax expense	Part B 9	(171)	(1,058)	(957)	(1,312)
Loss for the period		(1,870)	(174)	(702)	(1,184)
Other comprehensive gain/(loss):					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefits obligations		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(189)	(191)	905	(5)
Other comprehensive gain/(loss) for the period, net of tax		(189)	(191)	905	(5)
Total comprehensive income/(loss) for the period		(2,059)	(365)	203	(1,189)
Profit/(Loss) attributable to:					
Owners of the Company		(1,869)	(174)	(700)	(1,184)
Non controlling interests		(1)	#	(2)	*
		(1,870)	(174)	(702)	(1,184)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,263	(365)	205	(1,189)
Non controlling interests		(1)	#	(2)	*
		(2,059)	(365)	203	(1,189)
Earnings/(Loss) per share attributable to owners of the Company					
- Basic (sen)	Part B 18	(0.40)	(0.05)	(0.15)	(0.34)
- Diluted (sen)	Part B 18	N/A	N/A	N/A	N/A

* Represents debit of RM258

Represents debit of RM146

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019.



HO WAH GENTING BERHAD

(Company no: 272923-H)

Condensed Consolidated Statement of Financial Position as at 30 June 2020

	Note	Unaudited as at 30 Jun 2020 RM'000	Audited as at 31 Dec 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		33,733	33,391
Right of use assets		1,026	636
Investment in an associate	Part B 11	-	-
		34,759	34,027
Current assets			
Inventories		48,350	31,303
Trade receivables		19,095	15,804
Other receivables, deposits and prepayments		8,575	1,487
Amount due from an associate		3,965	3,965
Fixed deposits with licensed bank		100	100
Cash and bank balances		16,241	8,559
		96,326	61,218
TOTAL ASSETS		131,085	95,245
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company:			
Share capital		104,396	97,526
Reserves		18,158	18,512
Accumulated losses		(83,446)	(82,755)
		39,108	33,283
Non controlling interests		4	6
TOTAL EQUITY		39,112	33,289
Non-current liabilities			
Lease liabilities	Part B 12	733	403
Long term borrowings	Part B 12	4,798	5,036
Retirement benefits obligation		5,017	4,556
Deferred tax liabilities		2,451	2,451
		12,999	12,446
Current liabilities			
Trade payables		22,712	18,028
Other payables and accruals		24,511	18,099
Amount due to holding company		10,000	-
Tax payables		331	145
Lease liabilities	Part B 12	116	113
Short term borrowings	Part B 12	21,304	13,125
		78,974	49,510
TOTAL LIABILITIES		91,973	61,956
TOTAL EQUITY AND LIABILITIES		131,085	95,245
Net Assets per share (RM)		0.08	0.10
Net Tangible Assets per share (RM)		0.08	0.10

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019.



HO WAH GENTING BERHAD

(Company no: 272923-H)

Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2020

Note	Attributable to Shareholders of the Company						Sub-total RM'000	Non controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Exchange fluctuation reserve RM'000	Accumulated losses RM'000			
Current year's 6 months period ended 30 June 2020 (Unaudited)									
At 1 January 2020	97,526	10,019	2,691	7,348	(1,546)	(82,755)	33,283	6	33,289
Transactions with owners:									
Issuance of shares pursuant to Private Placement	4,230	-	-	-	-	-	4,230	-	4,230
Employee Share Option ("ESOS") exercised	1,390	-	-	-	-	-	1,390	-	1,390
Transfer of ESOS Reserve upon exercise of ESOS	1,250	-	(1,250)	-	-	-	-	-	-
Employee Share Option ("ESOS") lapsed	-	-	(9)	-	-	9	-	-	-
Total transactions with owners	6,870	-	(1,259)	-	-	9	5,620	-	5,620
Other comprehensive income/(loss) for the period									
Remeasurement of retirement benefits obligations	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	905	-	905	-	905
Other comprehensive gain for the period	-	-	-	-	905	-	905	-	905
Profit for the period	-	-	-	-	-	(700)	(700)	(2)	(702)
Total comprehensive income for the period	-	-	-	-	905	(700)	205	(2)	203
At 30 June 2020	104,396	10,019	1,432	7,348	(641)	(83,446)	39,108	4	39,112
Preceding year's 6 months period ended 30 June 2019 (Unaudited)									
At 1 January 2019	86,350	10,019	2,713	7,348	(1,163)	(75,234)	30,033	466	30,499
Transactions with owners:									
Employee Share Options ("ESOS") lapsed	-	-	(19)	-	-	19	-	-	-
Issuance of shares pursuant to Private Placement	2,921	-	-	-	-	-	2,921	-	2,921
Acquisition of non-controlling interest	-	-	-	-	-	(30)	(30)	(460)	(490)
Total transactions with owners	2,921	-	(19)	-	-	(11)	2,891	(460)	2,431
Other comprehensive income/(loss) for the period									
Foreign currency translation differences	-	-	-	-	(5)	-	(5)	-	(5)
Remeasurement of net retirement benefit obligations	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	-	-	(5)	-	(5)	-	(5)
Loss for the period	-	-	-	-	-	(1,184)	(1,184)	*	(1,184)
Total comprehensive income/(loss) for the period	-	-	-	-	(5)	(1,184)	(1,189)	-	(1,189)
At 30 June 2019	89,271	10,019	2,694	7,348	(1,168)	(76,429)	31,735	6	31,741

* Represents RM258

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



HO WAH GENTING BERHAD

(Company no: 272923-H)

Condensed Consolidated Statements of Cash Flows for the period ended 30 June 2020

	Note	Unaudited 30 Jun 2020 RM'000	Unaudited 30 Jun 2019 RM'000
Cash flows from / (used in) operating activities			
Profit before taxation		255	128
Adjustments for:			
Bad debts written off	Part B 6	-	34
Depreciation - Property, plant and equipment	Part B 6	1,748	1,704
Depreciation - Right of use assets	Part B 6	59	6
Interest expense	Part B 8	718	1,048
Interest income	Part B 7	(27)	(53)
Gain on disposal of plant and equipment	Part B 6	-	(9)
Allowance for expected credit loss no longer required	Part B 6	(3)	(3)
Provision for retirement benefit obligations		280	248
Unrealised loss on foreign exchange	Part B 6	222	170
Unrealised gain on foreign exchange	Part B 6	(819)	(12)
Operating profit before working capital changes		2,433	3,261
Increase in inventories		(15,598)	(2,273)
Increase in trade and other receivables		(9,620)	(11,727)
Increase in trade and other payables		19,773	12,981
Cash (used in)/generated from operations		(3,012)	2,242
Income tax paid		(628)	(1,515)
Interest paid	Part B 8	(718)	(1,048)
Interest received	Part B 7	27	110
Retirement benefits paid		(41)	(6)
Net cash used in operating activities		(4,372)	(217)
Cash flows from/(used in) investing activities			
Increase in fixed deposits pledged		-	55
Acquisition of non-controlling interest		-	(490)
Advances to an associate		-	(1,935)
Purchase of plant and equipment		(1,515)	(1,366)
Proceeds from disposal of plant and equipment		-	16
Net cash used in investing activities		(1,515)	(3,720)
Cash flows from/(used in) financing activities			
Proceeds from issuance of shares pursuant to private placement	Part A 7 (a)	4,230	2,921
Proceeds from exercise of ESOS	Part A 7 (b)	1,390	-
Proceeds from trade financing		46,048	30,511
Repayment of trade financing		(38,532)	(26,638)
Repayment of term loan(s)		(222)	(3,696)
Proceeds from hire purchase liabilities		400	-
Repayment of hire purchase liabilities		(62)	(47)
Payment of lease liabilities		(6)	(6)
Net cash from financing activities		13,246	3,045
Exchange differences		323	2
Net increase/(decrease) in cash and cash equivalents		7,682	(890)
Cash and cash equivalents at beginning of period		8,559	5,001
Cash and cash equivalents at end of period		16,241	4,111
Cash and cash equivalents at end of period comprises:			
Cash and bank balances		16,241	4,111
Deposits with licensed banks		100	100
		16,341	4,211
Deposits pledged as security		(100)	(100)
		16,241	4,111

The Condensed Consolidated Statement Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019



HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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 2019.

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 2019 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2020:

Amendments to MFRS 2	:	Share-based Payment
Amendments to MFRS 3	:	Business Combinations – <i>Definition of a Business</i>
Amendments to MFRS 6	:	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 7	:	Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement – <i>Interest Rate Benchmark Reform</i>
Amendments to MFRS 14	:	Regulatory Deferral Accounts
Amendments to MFRS 16	:	Leases – COVID-19 – <i>Related Rent Concessions</i>
Amendments to MFRS 101	:	Presentation of Financial Statements – <i>Definition of Material</i>
Amendments to MFRS 108	:	Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition of Material</i>
Amendments to MFRS 134	:	Interim Financial Reporting
Amendments to MFRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	:	Intangible Assets
Amendments to IC Interpretation 12:		Service Concession Arrangements
Amendments to IC Interpretation 19:		Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20:		Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22:		Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132:		Intangible Assets - Web Site Costs

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

PART A (continued)

2 Significant Accounting Policies (continued)

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:

		Effective date
MFRS 17	: Insurance Contracts	01 January 2021
Amendments to MFRS 3	: Business Combinations – <i>Reference to the Conceptual Framework</i>	01 January 2022
Amendments to MFRS 101	: Classification of Liabilities as Current or Non-current	01 January 2022
Amendments to MFRS 116	: Property, Plant and Equipment – <i>Proceeds before Intended Use</i>	01 January 2022
Amendments to MFRS 137	: Provisions, Contingent Liabilities and Contingent Assets – <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022
Annual Improvements to MFRS Standards 2018 – 2020		
-	Amendment to MFRS 1 First Time Adoption of Malaysia Financial Reporting Standards	01 January 2022
-	Amendments to MFRS 9 Financial Instruments	01 January 2022
-	Amendments to MFRS 141 Agriculture	01 January 2022
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.

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material 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 audited financial statements of the Group for the year ended 31 December 2019.

4. Seasonality or Cyclicity of Operations

Based on past historical trend, sales of the Moulded Power Supply Cord Sets 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.

PART A (continued)

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

(a) Private Placement of Shares

On 6 April 2020, the Company had increased its issued and paid up share capital by way of private placement of 45,973,800 new ordinary shares representing approximately 10% of the issued shares of the Company. On 8 April 2020, the Company announced the completion of the private placement with the listing of and the quotation of 45,973,800 new ordinary shares at an issue price of RM0.0920 per share. A total of RM4,229,590 was raised for working capital purpose.

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

Allotment Date	Listing and Quotation Date	No. of ESOS Exercised Units	No. of Ordinary Shares Issued Units	Exercise Price RM	Total Proceeds RM	Transfer of ESOS Reserve to Share Capital RM
08/05/2020	13/05/2020	1,250,000	1,250,000	0.1220	152,500	130,750
14/05/2020	18/05/2020	1,500,000	1,500,000	0.1220	183,000	156,900
12/06/2020	15/06/2020	2,812,500	2,812,500	0.2200	618,750	588,375
15/06/2020	17/06/2020	1,032,500	1,032,500	0.1220	125,965	108,000
30/06/2020	02/07/2020	2,541,500	2,541,500	0.1220	310,063	265,841
Period ended 30/06/2020		9,136,500	9,136,500		1,390,278	1,249,866
15/07/2020	17/07/2020	803,200	803,200	0.1220	97,990	84,015
17/07/2020	20/07/2020	163,750	163,750	0.2200	36,025	34,257
29/07/2020	03/08/2020	1,180,400	1,180,400	0.1220	144,009	123,470
30/07/2020	04/08/2020	3,146,625	3,146,625	0.2200	692,258	658,274
LPD*		14,430,475	14,430,475		2,360,560	2,149,882

* Latest practical date being 18 August 2020



PART A (continued)

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

(b) Exercise of Warrants 2016/2021 (“Warrant D”)

Allotment Date	Listing and Quotation Date	No. of Warrants Exercised	No. of new Ordinary Shares Issued	Exercise Price RM	Total Proceeds RM	Transfer of Warrant Reserve to Share Capital RM
12/08/2020	14/08/2020	4,000	4,000	0.3200	1,280	480

Latest practical date being 18 August 2020

8. Dividends Paid

No dividend was paid in the current quarter under review.

9. The Status of Corporate Proposals (continued)

(a) Diversifications

On 25 March 2020, the Board of Directors of Ho Wah Genting Berhad (“HWGB” or the “Company”) through its advisor M&A Securities Sdn. Bhd. (“M&A Securities”) had announced that the Company proposes to undertake a Proposed Diversification of the existing businesses of HWGB and its subsidiaries (“HWGB Group” or “the Group”) to include healthcare related business (“Proposed Diversification”)

On 30 June 2020, the Company announced that the Proposed Diversification has been duly approved by the shareholders at an Extraordinary General Meeting held on the same date.

PART A (continued)

9. The Status of Corporate Proposals (continued)

(b) Proposed Placement of Irredeemable Convertible Preference Shares (“ICPS”), Proposed Debt Settlements and Proposed Amendments

On 10 June 2020, the Company through its advisor, M&A Securities announced that it wishes to undertake the followings:

- (i) Proposed placement of up to 63,393,900 ICPS in the Company at an issue price of RM0.4969 per ICPS to Ho Wah Genting Holding Sdn Bhd (“HWGH”) and other investors. (“Proposed Placement of ICPS”);
- (ii) Proposed settlement of debt amounting to RM20.0 million owing to creditors of the Company namely HWGH and Prime King Investment Ltd via the issuance of 40,249,550 new ordinary shares in HWGB (“HWGB Shares or Shares”) (“Settlement Shares”) at the issue price of RM0.4969 per Settlement Share (“Proposed Debt Settlement”) and
- (iii) Proposed amendments to the constitution of HWGB to facilitate the Proposed Placement of ICPS (“Proposed Amendments”)

10. Segmental Reporting

During the quarter under review, the Company diversified and ventured into a new segment, the Healthcare Division which consist of HWGB Biotech Sdn Bhd (formerly known as HWG Consortium Sdn Bhd), D’Viria Nano Tech Sdn Bhd (formerly known as Rex Oriental Sdn Bhd) and Astramern Sdn Bhd (formerly known as Astramune Sdn Bhd). All the above mentioned companies are wholly owned by HWGB.

Also, during the quarter under review, the Company reclassified its wholly owned subsidiary, Ho Wah Genting Trading Sdn Bhd which is under the Wires and Cables Division to Investment Division after the said subsidiary has temporarily ceased operations in 2019.

Analysis of the Group’s segmental revenue, results, assets and liabilities for business segments for the financial period ended 30 June 2020 are as follows:



Ho Wah Genting Berhad (Company No: 272923-H)
 [Notes to Quarterly Financial Report – continued]

PART A (continued)

10. Segmental Reporting (continued)

	Investments RM'000	Moulded Power Supply Cords Sets RM'000	Healthcare RM'000	Travelling Services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Current year's 6 months period ended 30 June 2020							
Segmental revenue by strategic/functional division units							
External revenue	44	100,918	6	474	101,442	-	101,442
Inter-segment revenue	12	-	-	2	14	(14)	-
	56	100,918	6	476	101,456	(14)	101,442
Segmental revenue by regions							
Malaysia	56	-	6	476	538	(14)	524
The rest of Asia	-	17,603	-	-	17,603	-	17,603
North America	-	83,315	-	-	83,315	-	83,315
	56	100,918	6	476	101,456	(14)	101,442
Results							
Operating profit/(loss)	(3,061)	4,500	(327)	(125)	987	(41)	946
Profit/(Loss) before interest and tax	(3,061)	4,500	(327)	(125)	987	(41)	946
Profit/(Loss) before tax	(3,169)	3,917	(327)	(125)	296	(41)	255
Profit/(Loss) after tax	(3,169)	2,960	(327)	(125)	(661)	(41)	(702)
Non-controlling interest	1	-	-	1	2	-	2
Profit/(Loss) attributable to owners of the Company	(3,168)	2,960	(327)	(124)	(659)	(41)	(700)
Assets and liabilities as at 30 June 2020							
Segment Assets - Consolidated total assets	121,409	96,032	4,746	1,394	223,581	(92,496)	131,085
Segment liabilities - Consolidated total liabilities	36,992	73,209	5,437	336	115,974	(24,001)	91,973
Segmental non-current assets by regions as at 30 June 2020							
Malaysia	80,642	-	13	42	80,697	(70,097)	10,600
The rest of Asia	-	22,838	-	-	22,838	1,321	24,159
North America	-	-	-	-	-	-	-
	80,642	22,838	13	42	103,535	(68,775)	34,759



PART A (continued)

10. Segmental Reporting (continued)

	Investments RM'000	Moulded Power Supply Cord Sets RM'000	Travelling Services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Preceding year's 6 months period ended 30 June 2019						
Segmental revenue by strategic/functional division units						
External revenue	110	96,895	2,365	99,370	-	99,370
Inter-segment revenue	12	-	25	37	(37)	-
	<u>122</u>	<u>96,895</u>	<u>2,390</u>	<u>99,407</u>	<u>(37)</u>	<u>99,370</u>
Segmental revenue by regions						
Malaysia	122	-	2,390	2,512	(37)	2,475
The rest of Asia	-	17,787	-	17,787	-	17,787
North America	-	79,108	-	79,108	-	79,108
	<u>122</u>	<u>96,895</u>	<u>2,390</u>	<u>99,407</u>	<u>(37)</u>	<u>99,370</u>
Results						
Profit/(Loss) from operations	(3,800)	5,022	(55)	1,167	(44)	1,123
Profit/(Loss) before interest and tax	(3,800)	5,022	(55)	1,167	(44)	1,123
Profit/(Loss) before tax	(4,190)	4,412	(50)	172	(44)	128
Profit/(Loss) after tax	(4,190)	3,100	(50)	(1,140)	(44)	(1,184)
Non-controlling interest	-	-	*	-	-	*
Profit/(Loss) attributable to owners of the Company	<u>(4,190)</u>	<u>3,100</u>	<u>(50)</u>	<u>(1,140)</u>	<u>(44)</u>	<u>(1,184)</u>
Assets and liabilities as at 31 December 2019						
Segmental assets - Consolidated total assets	119,464	81,485	1,789	202,738	(107,493)	95,245
Segmental liabilities - Consolidated total liabilities	<u>37,988</u>	<u>62,526</u>	<u>606</u>	<u>101,120</u>	<u>(39,164)</u>	<u>61,956</u>
Segmental non-current assets by regions as at 31 December 2019						
Malaysia	80,526	-	47	80,573	(69,976)	10,597
The rest of Asia	-	22,062	-	22,062	1,368	23,430
North America	-	-	-	-	-	-
	<u>80,526</u>	<u>22,062</u>	<u>47</u>	<u>102,635</u>	<u>(68,608)</u>	<u>34,027</u>

* Represents RM258



PART A (continued)

10. Segmental Reporting (continued)

	As previously stated		Reclassification Adjustments		As restated	
	Investments RM'000	Wires and Cables RM'000	Investments RM'000	Wires and Cables RM'000	Investments RM'000	Wires and Cables RM'000
Preceding year's 6 months period ended 30 June 2019						
Segmental revenue by strategic/functional division units						
External revenue	110	-	-	-	110	-
Inter-segment revenue	12	-	-	-	12	-
	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>-</u>
Segmental revenue by regions						
Malaysia	122	-	-	-	122	-
The rest of Asia	-	-	-	-	-	-
North America	-	-	-	-	-	-
	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>-</u>
Results						
Profit/(Loss) from operations	(3,780)	(20)	(20)	20	(3,800)	-
Profit/(Loss) before interest and tax	(3,780)	(20)	(20)	20	(3,800)	-
Profit/(Loss) before tax	(4,075)	(115)	(115)	115	(4,190)	-
Profit/(Loss) after tax	(4,075)	(115)	(115)	115	(4,190)	-
Non-controlling interest	-	-	-	-	-	-
Profit/(Loss) attributable to owners of the Company	<u>(4,075)</u>	<u>(115)</u>	<u>(115)</u>	<u>115</u>	<u>(4,190)</u>	<u>-</u>
Assets and liabilities as at 31 December 2019						
Segmental assets - Consolidated total assets	<u>97,874</u>	<u>21,590</u>	<u>21,590</u>	<u>(21,590)</u>	<u>119,464</u>	<u>-</u>
Segmental liabilities - Consolidated total liabilities	<u>27,144</u>	<u>10,844</u>	<u>10,844</u>	<u>(10,844)</u>	<u>37,988</u>	<u>-</u>
Segmental non-current assets by regions as at 31 December 2019						
Malaysia	80,507	19	19	(19)	80,526	-
The rest of Asia	-	-	-	-	-	-
North America	-	-	-	-	-	-
	<u>80,507</u>	<u>19</u>	<u>19</u>	<u>(19)</u>	<u>80,526</u>	<u>-</u>

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.

13. Changes in the Composition of the Group

- (a) On 17 February 2020, the Company incorporated a subsidiary, 3H Healthtech AI Sdn Bhd with an issued and paid up capital of RM100. The Company holds 60% equity interest and LIU Marketing Sdn Bhd holds the balance 40%.
- (b) On 13 March 2020, the Company incorporated a wholly owned subsidiary, Astramern Sdn Bhd (formerly known as Astramune Sdn Bhd) with an issued and paid up capital of RM100.

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 Comprehensive Income of the Group

	Individual Quarter (Second Quarter)		Changes		Cumulative Quarters (Year to-date)		Changes	
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	RM'000	%	Current Year todate 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000	RM'000	%
Revenue	53,267	62,027	(8,810)	-14.2	101,442	99,370	2,072	2.1
Profit/(Loss) from operations	(1,329)	1,409	(2,738)	-194.3	946	1,123	(177)	-15.8
Profit/(Loss) before interest and taxation	(1,329)	1,409	(2,738)	-194.3	946	1,123	(177)	-15.8
Profit/(Loss) before taxation	(1,699)	884	(2,583)	-292.2	255	128	127	99.2
Loss after taxation	(1,870)	(174)	(1,696)	-974.7	(702)	(1,184)	482	40.7
Loss attributable to owners of the Company	(1,869)	(174)	(1,695)	-974.1	(700)	(1,184)	484	40.9

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 RM101.44 million (2019: RM99.37 million) recorded for the financial period ended 30 June 2020 was mainly due to higher sales of USD23.73 million as compared to USD23.49 million from the Moulded Power Supply Cord Sets Division in Indonesia due to higher demand from existing customers. The weakening of RM against the USD also increased the Group’s revenue which is denominated in RM. The average exchange rate used for the financial period ended 30 June 2020 was RM4.2521/USD (2019: RM4.1335/USD).

The higher profit before taxation of RM0.26 million for the financial period ended 30 June 2020 as compared to RM0.13 million for the financial period ended 30 June 2019 were due the followings:

- (i) Lower loss before taxation of RM3.17 million (2019: RM4.19 million) from the Investment Division.
- (ii) Lower profit before taxation of RM3.92 million (2019: RM4.41 million) from the Moulded Power Supply Cord Sets Division.
- (iii) Higher loss before taxation of RM0.13 million (2019: RM0.05 million) from the Travelling Services Division; and
- (iv) The loss before taxation of RM0.33 million (2019: RMnil) incurred by the newly ventured Healthcare Division.

B. Summary of Statement of Financial Positions of the Group

	Unaudited 30/06/2020 RM’000	Audited 31/12/2019 RM’000	Changes RM’000	%
Non-current assets	34,759	34,027	732	2.2
Current assets	96,326	61,218	35,108	57.3
Current liabilities	(78,974)	(49,510)	29,464	59.5
Non-current liabilities	(12,999)	(12,446)	553	4.4
Equity attributable to owner of the Company	(39,108)	(33,283)	5,825	17.5
Non-controlling interest	(4)	(6)	(2)	-33.3
Total equity	(39,112)	(33,289)	5,823	17.5

Figures in bracket denotes credit balances

The increase of RM0.73 million or 2.2% in non-current assets were due to the followings:

- (i) Purchase of plant and equipment of RM1.52 million;
- (iii) RM1.02 million increase in carrying amount on consolidation of a foreign subsidiary due to weakening of RM against USD; and
- (iii) Depreciation charged on property, plant and equipment and right of use assets of RM1.81 million.

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

2. Group’s Financial Performance Review And Segmental Analysis (continued)

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

The increase of RM35.11 million or 57.3% in current assets were mainly due to the followings:

- (i) Increase in inventories of RM16.52 million to cater for the third quarter sales of year 2020 for the Moulded Power Supply Cord Sets Division and the purchase of inventories for the Healthcare Division of RM0.53 million;
- (ii) Increase in trade receivables of RM3.29 million from the higher sales in the current quarter;
- (iii) Increase in other receivables of RM7.09 million due to advanced payments made for the purchase of raw materials and healthcare merchandise; and
- (iv) Increase in cash and bank balances of RM7.68 million mainly the proceeds from the issuance of new ordinary shares from private placement and exercise of ESOS.

The increase of RM29.46 million or 59.5% in current liabilities were mainly due to the followings:

- (i) Increase in trade payables of RM4.68 million for the purchase of inventories by the Moulded Power Supply Cord Sets Division;
- (ii) Increase in other payables of RM6.41 million from advances received;
- (ii) Net increase in short term borrowings of RM8.18 million to purchase raw materials; and
- (iv) Advances from HWGH of RM10.0 million for working capital purpose.

The increase in non-current liabilities of RM0.55 million or 4.4% were mainly due to the followings:

- (i) Increase in retirement benefits obligation of RM0.46 million for a foreign subsidiary.
- (ii) Net increase in lease liabilities of RM0.33 million from the purchase of a new leased plant and equipment.

However, the increase was reduced by the repayment of long term borrowings of RM0.24 million.

The increase in “equity attributable to owner of the Company” of RM5.83 million or 17.5% were due to the followings:

- (i) RM4.23 million from the issuance of 45,973,800 new ordinary shares of the Company pursuant to Private Placement of new ordinary shares at an issue price of RM0.0920 per placement share;
- (ii) RM1.39 million from the issuance of 9,136,500 new ordinary shares of the Company pursuant to exercise of ESOS as stated in Note 7 (b) above; and
- (iii) The total comprehensive income for the period attributable to the owners of the Company of RM0.21 million.

The decrease in non-controlling interest (“NCI”) from RM6,000 to RM4,000 was due to the NCI share of losses in subsidiaries not wholly owned by the Company.

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 in “total equity” of RM5.82 million or 17.5% were due to similar reasons stated in the increased in equity attributable to owner of the Company and the decrease in non -controlling interest above.

C. Summary of Statement of Cash Flows of the Group

	Unaudited 30/06/2020	Unaudited 30/06/2019	Changes	
	RM'000	RM'000	RM'000	%
Net cash used in operating activities	(4,372)	(217)	(4,155)	>1,000.0
Net cash used in investing activities	(1,115)	(3,720)	2,605	70.0
Net cash from financing activities	12,846	3,045	9,801	321.9
Exchange differences	323	2	321	>1,000.0
Net increase in cash and cash equivalent	16,241	4,111	12,130	295.1

The “net cash used in operating activities” for the financial period ended 30 June 2020 was RM4.37 million as compared to RM0.22 million for the financial period ended 30 June 2019.

The “net cash used in operating activities” were due to the followings:

- (i) Net cash from “operating profit before working capital changes” of RM1.74 million after deducting the net interest paid RM0.69 million;
- (ii) Increase in inventories of RM15.07 million to cater for the third quarter of year 2020 sales for the Moulded Power Supply Cord Sets Division and RM0.53 million inventories for the Healthcare Division;
- (iii) Increase in trade and other receivables of RM9.62 million from the higher sales in the current quarter and advance payment to purchase merchandise; and
- (iv) Payment of income tax of RM0.63 million.

However, the “net cash used in operating activities” was reduced by the increase in trade and other payables of RM19.77 million for the purchase of inventories and advances received.

The “net cash used in investing activities” of RM1.52 million was for the purchase of plant and equipment.

The “net cash from financing activities” of RM12.85 million for the financial period ended 30 June 2020 were mainly from the net drawdown of trade financing facilities of RM7.52 million, proceeds from issuance of new ordinary shares of RM5.62 million to finance the working capital and deducting the repayment of term loans of RM0.22 million and lease liabilities of RM0.07 million.

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

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

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

Summary of revenue by regions	Cumulative Quarters			
	30/06/2020 USD’000	30/06/2019 USD’000	Changes USD’000	%
Sales to external parties				
North America	19,594	19,177	417	2.2
The rest of Asia	4,140	4,312	(172)	-4.0
	<u>23,734</u>	<u>23,489</u>	<u>245</u>	<u>1.0</u>

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

The sales to North America increased by USD0.42 million or 2.2% compared to the financial period ended 30 June 2019. The increase was mainly due to higher demand from the existing buyers.

The sales to “the rest of Asia” was USD4.14 million, a decrease of USD0.17 million or 4.0% compared to the preceding year’s corresponding period. This was due to lower purchase orders from existing customers.

Summary of results	Cumulative Quarter			
	30/06/2020 USD’000	30/06/2019 USD’000	Changes USD’000	%
Revenue	23,734	23,489	245	1.0
Operating profit	1,058	1,217	(159)	-13.1
Profit before interest and taxation	1,058	1,217	(159)	-13.1
Profit before taxation	921	1,069	(148)	-13.8
Profit after taxation	696	751	(55)	-7.3
Profit attributable to owner of the Company	<u>696</u>	<u>751</u>	<u>(55)</u>	<u>-7.3</u>

The lower profit before taxation of USD0.92 million (2019: USD1.07 million) for the financial period ended 30 June 2020 were due to higher operating costs.

II. Healthcare Division

Revenue for this newly set-up division stood at RM6,000 for the current quarter under review.

The Healthcare Division incurred a loss before taxation of RM0.33 million (2019: RMnil). The losses incurred were mainly due to low revenue and initial operating expenses incurred to set up the division onto full operation scale.

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. Travel Services Division

Summary of revenue by products

	Cumulative Quarter			
	30/06/2020	30/06/2019	Changes	
	RM’000	RM’000	RM’000	%
Sales to external parties				
Tour packages	332	1,199	(867)	-72.3
Cruise tour	6	171	(165)	-96.5
Hotel booking	43	115	(72)	-62.6
Air tickets	85	850	(765)	-90.0
Other tour related services	8	30	(22)	-73.3
	474	2,365	(1,891)	-80.0
Sales within HWGB Group				
Air tickets	2	25	(23)	-92.0
	476	2,390	(1,914)	-80.0

The Travel Services Division recorded a lower revenue of RM0.48 million (2019: RM2.39 million) for the financial period ended 30 June 2020 due to cancellation of bookings caused by the outbreak of the COVID-19 contagious disease.

The Travel Services Division recorded a loss before taxation of RM0.13 million (2019: RM0.05 million). The higher loss before taxation in the current financial period was due to lower revenue recorded.

IV. Investment Division

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

At Company level, the Company recorded a lower loss before taxation of RM3.92 million (2019: RM4.06 million). The lower loss before taxation in the current financial period was due to lower finance costs of RM0.09 million (2019: RM0.34 million) incurred.

In the opinion of the Directors, other than those disclosed above, the results for the financial period ended 30 June 2020 have not been affected by any transactions or events of a material or unusual nature which have arisen from 30 June 2020 to the date of issue of this quarterly report.

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

2. Comparison of Current Year’s Quarter Against Preceding Year’s Corresponding Quarter’s Result (Individual 2nd Quarter 2020 vs Individual 2nd Quarter 2019)

The Group recorded a lower revenue of RM53.27 million (2Q 2019: RM62.03 million). The higher revenue of USD14.70 million (2Q 2020: USD12.32 million) recorded in the preceding year’s corresponding period were due to the rescheduling of certain shipment from 1Q to 2Q of 2019 for the Moulded Power Supply Cord Sets Division.

The Group incurred a loss before taxation of RM1.70 million as compared to a profit before taxation of RM0.88 million in 2Q 2019. The loss before taxation incurred were due to the followings:

- (i) Lower profit before taxation of RM1.01 million (2Q 2019: RM2.86 million) earned from lower revenue of the Moulded Power Supply Cords Sets Division; and
- (ii) Initial expenses of RM0.33 million (2Q 2019: RMnil) incurred to set up the Healthcare Division.

3. Comparison of Current Quarter Against Preceding Quarter’s Results (Individual 2nd Quarter 2020 vs Individual 1st Quarter 2020)

The Group’s revenue for the current quarter increased by RM5.09 million or 10.6% compared to its immediate preceding quarter. The higher revenue in the current quarter was due to higher demand from existing customers.

The Group incurred a loss before taxation of RM1.70 million in the current quarter as compared to a profit before taxation of RM1.95 million in the immediate preceding quarter. The loss before taxation recorded in the current quarter were due to the followings:

- (i) Lower net foreign currency exchange gain of RM0.90 million (1Q 2020: RM2.19 million);
- (ii) Lower profit before taxation of RM1.01 million (1Q 2020: RM2.91 million) earned from the Moulded Power Supply Cord Sets Division; and
- (iii) Initial expenses of RM0.33 million (1Q 2020: RMnil) incurred to set up the Healthcare Division.

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

4. Commentary on Prospects

The Board is of the opinion that business operations in Moulded Power Supply Cord Sets Division 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 better product quality in order to be more competitive and attract more customers.

The outbreak of COVID-19 contagious disease has caused global concern in increasing economic hardship for consumers and businesses, create uncertainties in the market and dampen the global economic outlook.

The outbreak of COVID-19 contagious disease had also put the Group’s 49% associate Dufry HWG Shopping Sdn Bhd, which operate a sole travel retail outlet in Sky Avenue Mall, Genting Highlands and also the Group’s Travel Services Division in a challenging year as most of the travelers and tourists are reluctant to travel or being barred from travelling during this period.

The Group is expecting a challenging operating and financial performance for the financial year ending 31 December 2020.

The Group had on 30 June 2020 obtained shareholders approval to diversify into healthcare related business. The Board is hopeful that this new venture will provide additional revenue and income in near future.

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 period ended 30 June 2020.

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

6. Profit/(Loss) from operations

Profit/(Loss) from operations is derived at:

	Individual Quarter		Cumulative Quarter	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
After charging:				
Retirement benefit obligations	143	125	280	248
Bad debts written off	-	-	-	34
Depreciation - Property, plant and equipment	889	865	1,748	1,704
Depreciation – Right of use assets	35	6	59	6
Expenses related to short term leases	6	6	12	12
Loss on foreign exchange				
- Realised	2	(61)	2	174
- Unrealised	163	(122)	222	170
And crediting:				
Allowance for expected credit loss no longer required – Trade receivables	1	1	3	3
Gain on disposal of plant and equipment	-	-	-	9
Rental income from premises	113	146	229	291
Gain on foreign exchange				
- Realised	(81)	-	306	-
- Unrealised	(1040)	225	819	12

7. Finance income

	Individual Quarter		Cumulative Quarter	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Interest income from fixed deposit	-	7	-	12
Interest income from bank accounts	19	2	27	7
Interest income from loan to an associate	-	-	-	34
	19	9	27	53

8. Finance costs

	Individual Quarter		Cumulative Quarter	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Interest expense				
– hire purchase liabilities	10	6	15	13
– lease liabilities	-	2	2	2
– promissory notes	-	124	-	247
– term loans	36	157	116	361
– trade finance	343	245	585	425
	389	534	718	1,048



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

9. Income tax expense

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

	Individual Quarter		Cumulative Quarter	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
a. Expected income tax payable				
i. Current income tax expense				
- Malaysia	-	-	-	-
- Overseas	(171)	(1,058)	(957)	(1,312)
	(171)	(1,058)	(957)	(1,312)
ii. Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
b. Deferred tax				
Current year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
Total	(171)	(1,058)	(957)	(1,312)

10. 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 period ended 30 June 2020.

11. Investment in an associate

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

The investment in associate as at 30 June 2020 is as follows:

	Unaudited 30/06/2020 RM'000	Unaudited 30/06/2019 RM'000
Unquoted shares at cost	980	980
Share of post acquisition loss	(980)	(980)
	-	-

The Group's share of post acquisition loss was capped at RM0.98 million, being the equivalent cost of investment in the associate.

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

11. Investment in an associate (continued)

The summarised financial information of the Company's associate is as follows:

(a) Summarised statement of comprehensive income

	Unaudited 30/06/2020 RM'000	Unaudited 30/06/2019 RM'000
Revenue	3,069	11,343
Loss before tax	(3,045)	(1,593)
Net loss/Total comprehensive loss	<u>(3,045)</u>	<u>(1,593)</u>

(b) Summarised statement of financial position

	Unaudited 30/06/2020 RM'000	Audited 31/12/2019 RM'000
Assets		
Non-current assets	6,787	14,885
Current assets	7,519	9,937
Total assets	<u>14,306</u>	<u>24,822</u>
Liabilities		
Non-current liabilities	8,327	6,722
Current liabilities	13,893	22,969
Total liabilities	<u>22,220</u>	<u>29,691</u>
Net liabilities	<u>(7,914)</u>	<u>(4,869)</u>

12. Group Borrowings and Debt Securities

	As at second quarter ended 30 June 2020					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,443	-	189	-	3,632
Term Loan 2	-	1,355	-	149	-	1,504
Trade financing*	-	-	4,896	20,966	4,896	20,966
	-	4,798	4,896	21,304	4,896	26,102
Lease liabilities						
Hire purchase liabilities	-	706	-	103	-	809
Other lease liabilities	-	27	-	13	-	40
	-	733	-	116	-	849
	-	<u>5,531</u>	4,896	<u>21,420</u>	4,896	<u>26,951</u>

* USD1.0000 is equivalent to RM4.2825

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

12. Group Borrowings and Debt Securities (continued)

	As at fourth quarter ended 31 December 2019					
	Long term		Short term		Total borrowing	
	Denomination		Denomination		Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,600	-	189	-	3,789
Term Loan 2	-	1,436	-	132	-	1,568
Trade financing*	-	-	3,128	12,804	3,128	12,804
	-	5,036	3,128	13,125	3,128	18,161
Lease liabilities						
Hire purchase liabilities	-	378	-	92	-	470
Other lease liabilities	-	25	-	21	-	46
		403		113		516
	-	5,439	3,128	13,238	3,128	18,677

* USD1.0000 is equivalent to RM4.0930

13. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 18 August 2020, being the latest practicable date.

14. 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 2019.

15. Material Litigation

There is no material litigation for the Group as at 18 August 2020, being the latest practicable date.

16. General offer received

The Board of Directors ("the Board") of the Company had announced that the Company has on 27 April 2020 received a notice of conditional voluntary take-over offer ("Notice") ("Offer") from Ho Wah Genting Holding Sdn Bhd ("HWGH" or "the Offeror") as well as Dato' Lim Ooi Hong, Lim Wee Kiat and Datuk Teo Tiew, being the Ultimate Offerors for the Offer, through M&A Securities, notifying the Board, the intention of the Offeror to make an offer to acquire the followings:

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

16. General offer received

- (i) all the remaining ordinary shares in HWGB (“HWGB Share”) not already owned by the Offeror and Ultimate Offerors and such number of new HWGB Shares that may be issued and allotted prior to the closing date of the Offer arising from the exercise of the outstanding Warrant-D 2016/2021 issued by HWGB (“Warrants”) and/or exercise of existing outstanding employees share option in HWGB (“ESOS Option”) and new ESOS Options which may be further granted pursuant to the employees share option scheme of HWGB, collectively (“Offer Shares”); and
- (ii) all the remaining Warrants in HWGB not already owned by the Offeror and Ultimate Offerors (“Offer Warrants”)

for a cash offer price of RM0.125 per Offer Share and RM0.01 per Offer Warrant respectively (“Offer”). The Offer Shares and the Offer Warrants are collectively referred to as “Offer Securities”.

On 29 April 2020, in accordance with Paragraph 3.06 of Take-Overs, Mergers and Compulsory Acquisitions Rules (“Rules”), the Board announced the appointment of MainStreet Advisers Sdn Bhd (“Mainstreet Advisers”) as Independent Adviser to advise the non-interested directors and shareholders of the Company, on the fairness and reasonableness of the Offer.

Datuk Teo Tiew (Group Executive Chairman), Dato’ Lim Ooi Hong (Managing Director/Chief Executive Officer) and Lim Wee Kiat (Executive Director) who are deemed interested in the Offer have abstained and will continue to abstain from all deliberations and decisions of the Board in relation to the Offer.

The Board (save for Datuk Teo Tiew, Dato’ Lim Ooi Hong and Lim Wee Kiat) also wishes to announce that it does not intend to seek another person to make an alternative take-over offer.

On 4 May 2020, in accordance with Paragraph 9.10(5)(b) of the Rules as well as the flexibilities with take-over requirements under Capital Markets and Services Act 2007 (“CMSA”) as issued by the Securities Commission Malaysia on 23 April 2020, the Board had announced that a summary notification informing the holders of the Offer Securities on the receipt of Notice has been despatched to the holders of the Offer Securities on the same day.

On 5 May 2020, the Board had announced that the Company has on the same date received a notice (First Notice of Revised Offer) from the Offeror as well as the Ultimate Offerors, through M&A Securities, informing that the Offeror has revised the cash offer price for the Offer Shares from RM0.125 to RM0.140 per Offer Share whilst the cash offer price for Offer Warrants remained at RM0.01 per Offer Warrant.

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

16. General offer received (continued)

On 8 May 2020, the Board of HWGB received a notice (Second Notice of Revised Offer) from M&A Securities notifying on behalf of the Offeror, that the shareholding of the Offeror, Ultimate Offerors and persons acting in concert with them, namely Dato' Lim Hui Boon and Ho Wah Genting Group Sdn Bhd in HWGB had exceeded 33% of the total share capital of HWGB as at 8 May 2020 as a result of the recent acquisition of 97,195,400 HWGB Shares by the Offeror ("First Acquisition").

Pursuant thereto, the present conditional voluntary take-over offer had become a conditional mandatory take-over offer in accordance with Note 14 of Paragraph 4.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

On 12 May 2020, in accordance with Paragraph 9.10(5)(b) of the Rules as well as the flexibilities with take-over requirements under Capital Markets and Services Act 2007 ("CMSA") as issued by the Securities Commission Malaysia on 23 April 2020, the Board had announced that a summary notification informing the holders of the Offer Securities on the receipt of First Notice of Revised Offer and publication of the First Notice of Revised Offer on Bursa's Securities' website were despatched to the holders of the Offer Securities on the same day.

On 13 May 2020, the Board announced that the Company had on the same day received a notice (Third Notice of Revised Offer) from the Offeror as well as the Ultimate Offerors, through M&A Securities, informing that the Offeror has further revised the cash offer price for the Offer Shares from RM0.140 to RM0.205 per Offer Share whilst the cash offer price for Offer Warrants remained at RM0.01 per Offer Warrant.

On 14 May 2020, the Board announced that the Offeror had acquired a total of 4,891,300 HWGB Shares equivalent to approximately 0.96% of the total voting shares in the HWGB as at 14 May 2020 ("Second Acquisition").

The Second Acquisition resulted in the Offeror, Ultimate Offerors and Persons Acting In Concert collectively holding more than 50% of the total voting shares in HWGB.

Accordingly, the conditional mandatory take-over offer has become an unconditional mandatory take-over offer on the same date.

On 18 May 2020, the Company announced that the Offer Document dated 18 May 2020 ("Posting Date") together with the Form of Acceptance and Transfer were despatched to the holders of the Offer Securities on the same day.

On 28 May 2020, the Company issued the "Independent Advice Circular ("IAC")" prepared by Mainstreet Advisers to the holders in relation to the Unconditional Mandatory Take-over offer by HWGH or the Offerors through M&A Securities to acquire the followings:

- (a) All the remaining ordinary shares in HWGB not already owned by the Offeror and the Ultimate Offerors comprising:



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

16. General offer received (continued)

- (i) All the remaining existing ordinary shares in HWGB (“Shares(s)” or “HWGB Shares(s)”) not already owned by the Offeror and Ultimate Offerors;
 - (ii) Such number of new HWGB shares that may be issued and allotted prior to the closing date arising from the exercise of those outstanding Warrant-D 2016/2021 (“Warrant(s) or HWGB Warrant(s)”), which entitles holders of the Warrant to exercise each Warrant into one (1) HWGB share at the exercise price of RM0.32; and
 - (iii) Such number of new HWGB Shares that may be issued and allotted prior to the closing date arising from the exercise of existing outstanding Employees’ Share Option in HWGB (“ESOS Option”) and new ESOS Options that may be further granted pursuant to the Employees’ Share Option Scheme of HWGB (collectively “Offer Shares”).
- (b) All the remaining unexercised Warrants which are not already owned by the Offeror and the Ultimate Offerors (“Offer Warrants”)

For a cash offer price of RM0.2050 per Offer Share and RM0.0100 per Offer Warrant respectively (“Offer”)

On 09 June 2020, the Board of HWGB announced that the Company had on the same date, received a notice dated 09 June 2020 from M&A Securities on behalf of the Offeror, informing that the Offer has closed at 5.00 p.m. on 08 June 2020 (“Closing Date”).

In accordance with Paragraph 13.01 of the Rules, the disclosure on the level of acceptances of the Offer in respect of HWGB Shares as at 5.00 p.m. on the Closing Date was as follows:

(a) Offer Shares

	No. of HWGB Shares	(i) % of HWGB Shares
HWGB Shares held by the Offeror, Ultimate Offerors and Persons Acting In Concert as at the Closing Date	255,408,400	50.23
Offer Shares for which acceptances of the Offer (which are complete and valid in all respects) have been received by the Offeror after the Posting Date and up to 5.00 pm (Malaysian time) on the Closing Date. (ii)	8,830	Less than 0.01
Offer Shares acquired or agreed to be acquired by the Offeror and Ultimate Offerors (other than by way of acceptances of the Offer) after the Posting Date and up to 5.00 p.m. on the Closing Date.	-	-
Total HWGB Shares held by the Offeror, Ultimate Offerors and Person Acting In Concert as at the Closing Date.	<u>255,417,230</u>	<u>50.23</u>



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

16. General offer received (continued)

(a) Offer Shares

Notes:

- (i) Computed based on 508,462,540 outstanding Shares of HWGB as at the Closing Date.
- (ii) Excluding the acceptances by Persons Acting In Concert.

(b) Offer Warrants

	No. of HWGB Warrants	(i) % of HWGB Warrants
Warrants held by the Offeror, Ultimate Offerors and Persons Acting In Concert as at the Posting Date	2,808,875	4.59
Offer Warrants for which acceptances of the Offer (which are complete and valid in all respects) have been received by the Offeror after the Posting Date and up to 5.00 p.m. on the Closing Date. (ii)	-	-
Offer Warrants acquired or agreed to be acquired by the Offeror and Ultimate Offerors (other than by way of acceptances of the Offer) after the Posting Date and up to 5.00 p.m. on the Closing Date.	-	-
Total HWGB Warrants held by the Offeror, Ultimate Offerors and Person Acting In Concert as at the Closing Date.	<u>2,808,875</u>	<u>4.59</u>

Notes:

- (iii) Computed based on 61,233,883 outstanding Warrants of HWGB as at the Closing Date.
- (iv) Excluding the acceptances by Persons Acting In Concert.

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

The proposed and actual utilisation of RM4,229,590 proceeds raised from the Private Placement of 45,973,800 new ordinary shares at an issue price of RM0.0920 each, which was completed on 08 April 2020 are as follows:

Proposed utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation as at 18/08/2020 RM'000	Balance RM'000	Estimated timeframe for utilisation from listing of Placement Shares
Working capital	4,230	(4,230)	-	Within 12 months



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

18. Loss per share

Basic

	Individual Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Loss attributable to shareholders of the Company (RM'000)	(1,869)	(174)	(700)	(1,184)
Weighted average number of ordinary shares ('000) – basic	482,627	343,442	482,627	343,442
Basic (sen)	<u>(0.40)</u>	<u>(0.05)</u>	<u>(0.15)</u>	<u>(0.34)</u>

Diluted

As at 30 June 2020 and 30 June 2019, the diluted loss per share was 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: 27 August 2020