



Harvest Miracle Capital Berhad

HARVEST MIRACLE CAPITAL BERHAD

(Formerly Known as Vortex Consolidated Berhad)

**[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)**

Year 2023

**Quarterly Announcement
For The Quarter Ended 31 December 2022**

HARVEST MIRACLE CAPITAL BERHAD
(Formerly Known As Vortex Consolidated Berhad)
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2022

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| | Current Year Quarter 31 December 2022 (Unaudited) RM'000 | Preceding Year Corresponding Quarter 31 December 2021 (Unaudited) RM'000 | Current Year To- date 31 December 2022 (Unaudited) RM'000 | Preceding Year Corresponding Period 31 December 2021 (Unaudited) RM'000 |
| Revenue | 35,281 | 46,563 | 107,270 | 136,222 |
| Cost of sales | (31,932) | (40,740) | (96,067) | (119,086) |
| Gross profit | <u>3,349</u> | <u>5,823</u> | <u>11,203</u> | <u>17,136</u> |
| Other income | 7,162 | 82 | 7,344 | 448 |
| | <u>10,511</u> | <u>5,905</u> | <u>18,547</u> | <u>17,584</u> |
| Operating expenses | (4,600) | (4,904) | (14,148) | (14,438) |
| Finance costs | (48) | 61 | (177) | (2,153) |
| Profit before taxation | <u>5,863</u> | <u>1,062</u> | <u>4,222</u> | <u>993</u> |
| Tax expense | 75 | (673) | 7 | (1,343) |
| Profit/(Loss) after taxation/ Total comprehensive income/(expenses) | <u>5,938</u> | <u>389</u> | <u>4,229</u> | <u>(350)</u> |
| Profit/(Loss) after taxation attributable to:- | | | | |
| Owners of the Company | 5,944 | 389 | 4,237 | (344) |
| Non-controlling interests | (6) | -* | (8) | (6) |
| | <u>5,938</u> | <u>389</u> | <u>4,229</u> | <u>(350)</u> |
| Total comprehensive income/(expenses) attributable to:- | | | | |
| Owners of the Company | 5,944 | 389 | 4,237 | (344) |
| Non-controlling interests | (6) | -* | (8) | (6) |
| | <u>5,938</u> | <u>389</u> | <u>4,229</u> | <u>(350)</u> |
| Earnings/(Loss) per share ("EPS"/"LPS") (in sen) | | | | |
| Basic EPS/LPS | 0.54 | 0.05 | 0.39 | (0.05) |
| Diluted EPS/LPS | 0.54 | 0.05 | 0.39 | (0.05) |

Note:-

*- Amount less than RM1,000

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
(Formerly Known As Vortex Consolidated Berhad)
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 DECEMBER 2022

| | <u>(UNAUDITED)</u> As at 31 December 2022 RM'000 | <u>(AUDITED)</u> As at 31 March 2022 RM'000 |
|----------------------------------------------|-----------------------------------------------------------|------------------------------------------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Property and equipment | 4,989 | 8,529 |
| Investment properties | 8,354 | 10,638 |
| Right-of-use assets | 31,949 | 35,690 |
| Land held for property development | - | 11,366 |
| Other investment | 64 | - |
| Goodwill on consolidation | 5,774 | 5,774 |
| | <u>51,130</u> | <u>71,997</u> |
| Current Assets | | |
| Inventories | 19,344 | 22,098 |
| Property development costs | 167,333 | 149,059 |
| Trade and other receivables | 98,232 | 64,430 |
| Current tax assets | 3,348 | 2,116 |
| Short-term investments | 24,090 | 43,921 |
| Cash and bank balances | 26,402 | 18,512 |
| Asset classified as held for sale | 1,846 | - |
| | <u>340,595</u> | <u>300,136</u> |
| TOTAL ASSETS | <u>391,725</u> | <u>372,133</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 273,714 | 261,958 |
| Reserves | 13,665 | 14,526 |
| Equity attributable to owners of the Company | <u>287,379</u> | <u>276,484</u> |
| Non-controlling interests | 521 | 529 |
| TOTAL EQUITY | <u>287,900</u> | <u>277,013</u> |
| Non-Current Liabilities | | |
| Lease liabilities | 103 | 1,400 |
| Deferred tax liabilities | 5,065 | 5,131 |
| | <u>5,168</u> | <u>6,531</u> |
| Current Liabilities | | |
| Trade and other payables | 90,765 | 82,144 |
| Lease liabilities | 1,791 | 2,118 |
| Contract liability | 6,099 | 4,321 |
| Current tax liabilities | 2 | 6 |
| | <u>98,657</u> | <u>88,589</u> |
| TOTAL LIABILITIES | <u>103,825</u> | <u>95,120</u> |
| TOTAL EQUITY AND LIABILITIES | <u>391,725</u> | <u>372,133</u> |
| | | |
| Net assets per share (sen) | 25.41 | 25.77 |

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
(Formerly Known As Vortex Consolidated Berhad)
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE (9) MONTHS ENDED 31 DECEMBER 2022**

| | Share Capital RM'000 | Irredeemable Convertible Preference Shares ("ICPS") RM'000 | Non-Distributable Warrants Reserve RM'000 | Distributable Accumulated Losses RM'000 | Attributable To Owners of the Company RM'000 | Non- Controlling Interests RM'000 | Total RM'000 |
|------------------------------------------|----------------------------|------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|--------------------------------------------|-----------------|
| Balance as at 1 April 2021 | 188,775 | 3,413 | 6,897 | (20,699) | 178,386 | 545 | 178,931 |
| Contribution by owners of the Company: | | | | | | | |
| - Rights Issue of Shares with Warrants C | 25,468 | - | 31,083 | - | 56,551 | - | 56,551 |
| - Exercise of Warrants C | 19,164 | - | (7,804) | - | 11,360 | - | 11,360 |
| - Share issuance expenses | (949) | - | - | - | (949) | - | (949) |
| Total transaction with owners | 43,683 | - | 23,279 | - | 66,962 | - | 66,962 |
| Loss for the period | - | - | - | (344) | (344) | (6) | (350) |
| Balance as at 31 December 2021 | 232,458 | 3,413 | 30,176 | (21,043) | 245,004 | 539 | 245,543 |
| Balance as at 1 April 2022 | 261,958 | 3,412 | 26,183 | (15,069) | 276,484 | 529 | 277,013 |
| Contributions by owners of the Company: | | | | | | | |
| - Conversion of ICPS | 523 | (523) | - | - | - | - | - |
| - Exercise of Warrants C | 11,233 | - | (4,575) | - | 6,658 | - | 6,658 |
| Total transactions with owners | 11,756 | (523) | (4,575) | - | 6,658 | - | 6,658 |
| Profit for the period | - | - | - | 4,237 | 4,237 | (8) | 4,229 |
| Balance as at 31 December 2022 | 273,714 | 2,889 | 21,608 | (10,832) | 287,379 | 521 | 287,900 |

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
(Formerly Known As Vortex Consolidated Berhad)
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE NINE (9) MONTHS ENDED 31 DECEMBER 2022

| | (UNAUDITED) CURRENT PERIOD-TO-DATE 9 MONTHS ENDED 31 December 2022 RM'000 | (UNAUDITED) CORRESPONDING PERIOD-TO-DATE 9 MONTHS ENDED 31 December 2021 RM'000 |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| CASH FLOW (FOR) / FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 4,222 | 993 |
| Adjustments for: | | |
| Depreciation of property and equipment | 549 | 685 |
| Depreciation of right-of-use assets | 1,884 | 1,621 |
| Depreciation of investment properties | 128 | 122 |
| Interest expense | - | 1,813 |
| Interest expense on lease liabilities | 177 | 340 |
| Gain on disposal of investment property | (52) | - |
| Gain on disposal of subsidiary | (5,933) | - |
| Gain on disposal of property and equipment | (1,003) | - |
| COVID-19-related rent concession | - | (384) |
| Interest income | (498) | (717) |
| Gain on modification of leases | - | (2) |
| Realisation of fair value arising from the acquisition of a subsidiary | 309 | 100 |
| Operating (loss)/profit before changes in working capital | (217) | 4,571 |
| Net change in inventories | 2,753 | (3,352) |
| Net change in trade & other receivables | (33,802) | (12,104) |
| Net change in contract liability | 8,865 | (1,527) |
| Net change in trade & other payables | 1,800 | 5,377 |
| Cash flow for operations | (20,601) | (7,035) |
| Net income tax paid | (1,296) | (1,896) |
| Interest received | 474 | 688 |
| Net cash for operating activities | (21,423) | (8,243) |
| CASH FLOW FOR INVESTING ACTIVITIES | | |
| Interest income received | 24 | 29 |
| Purchase of equipment | (333) | (27) |
| Proceeds from disposal of other investment | - | 2,500 |
| Development costs paid | (18,586) | (13,390) |
| Proceeds from disposal of investment property | 2,220 | - |
| Proceeds from disposal of property and equipment | 4,300 | - |
| Proceeds from disposal of subsidiary | 17,000 | - |
| Net cash from/(for) investing activities | 4,625 | (10,888) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Rights Issue of Shares with Warrants C | - | 56,551 |
| Proceeds from exercise of Warrants C | 6,658 | 11,360 |
| Share issuance expenses | - | (949) |
| Interest paid | - | (815) |
| Net repayment of lease liabilities | (1,801) | (1,120) |
| Repayment of term loans | - | (48,078) |
| Net cash from financing activities | 4,857 | 16,949 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (11,941) | (2,182) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 62,433 | 50,461 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 50,492 | 48,279 |

Note:-

* - Amount less than RM1,000

Note 1

Cash and Cash Equivalents at End of the Financial Period comprised:

Short-term investments
Cash and bank balances

31 December 2022
RM'000

24,090
26,402
50,492

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD (“HMCB” or “the Company”)

(Formerly Known as Vortex Consolidated Berhad)

[Company No. 199601010679 (383028-D)]

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 March 2022. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2022.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2022 except for the adoption of the following:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- Amendments to MFRS 3: Business Combination - Reference to Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A2. Changes in Accounting Policies (Cont’d)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 17 Insurance Contracts and Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Presentation of Financial Statements -Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 31 March 2022 was not qualified.

A4. Seasonality or Cyclicity of Operations

The Group’s operations are not materially affected by any seasonal or cyclical factors.

A5. Unusual Items

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

A6. Material Changes in Estimates

There were no material changes in estimates during the current financial period under review.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A7. Issuances, Repurchases, and Repayments of Debt and Equity Securities

Pursuant to the rights issue of 60,988,578 new ordinary shares on the basis of 1 new ordinary share for every 5 existing shares held on the entitlement date, together with 60,988,578 free detachable Warrants B (“Warrant(s) B”) on the basis of 1 Warrant B for every 1 new ordinary share subscribed for (“Rights Issue of Shares with Warrants B”), the Company has issued 60,988,578 new ordinary shares together with 60,988,578 Warrants B. The new ordinary shares and Warrants B have been listed on the ACE Market of Bursa Securities on 15 May 2019.

Pursuant to the rights issue of 914,828,754 new irredeemable convertible preference shares (“ICPS”) on the basis of 3 ICPS for every 1 existing share held on the entitlement date (“Rights Issue of ICPS”), the Company has issued 914,828,754 ICPS. The ICPS have been listed on the ACE Market of Bursa Securities on 15 May 2019.

Following the consolidation of every 4 existing ordinary shares in HMCB (“HMCB Shares”) into 1 HMCB Share which was completed on 4 February 2021, the numbers of ICPS and Warrants B as at the entitlement date of 68,251,151 and 59,053,778, respectively, have been adjusted to 17,062,777 and 14,763,424, respectively, effective from 4 February 2021.

Pursuant to the rights issue of 332,657,376 new HMCB Shares on the basis of 1 new HMCB Share for every 1 existing HMCB Share held on the entitlement date, together with 266,121,872 free detachable Warrants C (“Warrant(s) C”) on the basis of 4 Warrants C for every 5 new HMCB Shares subscribed for (“Rights Issue of Shares with Warrants C”), the Company has issued 332,657,376 new HMCB Shares together with 266,121,872 Warrants C. The new HMCB Shares and Warrants C have been listed on the ACE Market of Bursa Securities on 28 April 2021.

Additional ICPS of 4,238,295 and additional Warrants B of 3,667,077 which were adjusted following the Rights Issue of Shares with Warrants C were listed on the ACE Market of Bursa Securities on 28 April 2021.

During the quarter under review, the following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of exercise of Warrants C. No Warrants B and conversion of ICPS were exercised during the quarter under review.

| Listing Date | No. of shares issued resulting from | |
|------------------|-------------------------------------|------------------------|
| | Conversion of ICPS | Exercise of Warrants C |
| 27 October 2022 | - | 4,268,600 |
| 10 November 2022 | 150,000 | - |
| Total | 150,000 | 4,268,600 |

As at 31 December 2022, the ICPS, Warrants B and Warrants C of the Company was 18,030,374, 18,430,501 and 125,946,372 respectively. The Company does not have any other existing convertible securities.

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review.

A8. Dividends Paid

There were no dividends paid during the current financial period under review.

A9. Operating Segments Information

The Group business segments comprise the following:-

- (i) Information Technology (“IT”) and Information Communication Technology (“ICT”) division - involved in trading in IT and ICT related products (hardware, software and accessories), software development and support services and others (“IT and ICT Division”);
- (ii) Property construction and its related business (“Construction Division”);
- (iii) Investment properties (“Property Investment Division”);
- (iv) Property development (“Property Development Division”);
- (v) Moneylending business (“Moneylending Business Division”);
- (vi) Plantation business (“Plantation Business Division”); and
- (vii) Investment holding (“Investment Holding Division”).

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A9. Operating Segment Information (Cont’d)

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

| | IT and ICT Division RM'000 | Construction Division RM'000 | Property Investment Division RM'000 | Property Development Division RM'000 | Moneylending Business Division RM'000 | Plantation Division RM'000 | Investment Holding Division RM'000 | The Group RM'000 |
|--------------------------------------------------------------------------------|----------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------------|------------------------------------------------|----------------------------------|---------------------------------------------|---------------------|
| Current quarter ended | | | | | | | | |
| 31 December 2022 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | 32,158 | - | 70 | 1,715 | 344 | 842 | 152 | 35,281 |
| Inter-segment revenue | - | - | - | - | - | - | - | - |
| | <u>32,158</u> | <u>-</u> | <u>70</u> | <u>1,715</u> | <u>344</u> | <u>842</u> | <u>152</u> | <u>35,281</u> |
| Consolidation adjustment | | | | | | | | - |
| Consolidated revenue | | | | | | | | <u>35,281</u> |
| Results | | | | | | | | |
| Segment results | 314 | (8) | 32 | (506) | (179) | 450 | (216) | (113) |
| Interest income | 4 | - | - | 1 | - | - | - | 5 |
| Gain on disposal of property and equipment | 1,003 | - | - | - | - | - | - | 1,003 |
| Gain on disposal of investment property | - | - | 52 | - | - | - | - | 52 |
| Gain on disposal of subsidiary | - | - | - | - | - | - | 5,933 | 5,933 |
| Depreciation of property and equipment | (41) | - | (2) | (6) | (69) | (9) | (15) | (142) |
| Depreciation of right-of-use assets | (510) | - | - | - | - | (110) | - | (620) |
| Depreciation of investment properties | - | - | (47) | - | - | - | - | (47) |
| Interest expense on lease liabilities | (48) | - | - | - | - | - | - | (48) |
| Net realisation of fair value adjustments from the acquisition of a subsidiary | - | - | - | (160) | - | - | - | (160) |
| | <u>722</u> | <u>(8)</u> | <u>35</u> | <u>(671)</u> | <u>(248)</u> | <u>331</u> | <u>5,702</u> | <u>5,863</u> |
| Consolidated profit/(loss) before taxation | | | | | | | | |
| Tax expense | (21) | - | (2) | 45 | 53 | - | - | 75 |
| | <u>701</u> | <u>(8)</u> | <u>33</u> | <u>(626)</u> | <u>(195)</u> | <u>331</u> | <u>5,702</u> | <u>5,938</u> |
| Consolidated profit/(loss) after taxation | | | | | | | | |

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A9. Operating Segment Information (Cont’d)

| | IT and ICT Division RM'000 | Construction Division RM'000 | Property Investment Division RM'000 | Property Development Division RM'000 | Moneylending Business Division RM'000 | Plantation Division RM'000 | Investment Holding Division RM'000 | The Group RM'000 |
|----------------------------------------------------|----------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------------|------------------------------------------------|----------------------------------|---------------------------------------------|---------------------|
| Current quarter ended | | | | | | | | |
| 31 December 2022 | | | | | | | | |
| Assets | | | | | | | | |
| Segment assets/Consolidated total assets | 40,661 | 266 | 82,464 | 171,235 | 19,545 | 33,902 | 43,652 | <u>391,725</u> |
| Liabilities | | | | | | | | |
| Segment liabilities/Consolidated total liabilities | 24,838 | 14 | 84 | 77,878 | 31 | 1 | 979 | <u>103,825</u> |

Part A**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134
Interim Financial Reporting (Cont’d)****A9. Operating Segment Information (Cont’d)**

| | IT and ICT Division RM'000 | Construction Division RM'000 | Property Investment Division RM'000 | Property Development Division RM'000 | Moneylending Business Division RM'000 | Investment Holding Division RM'000 | The Group RM'000 |
|----------------------------------------------------------------------------|----------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------------|------------------------------------------------|---------------------------------------------|---------------------|
| Current quarter ended 31 December 2021 | | | | | | | |
| Revenue | | | | | | | |
| External revenue | 45,985 | - | 69 | (650) | 909 | 250 | 46,563 |
| Inter-segment revenue | 1 | - | - | - | - | - | 1 |
| | <u>45,986</u> | <u>-</u> | <u>69</u> | <u>(650)</u> | <u>909</u> | <u>250</u> | <u>46,564</u> |
| Consolidation adjustments | | | | | | | (1) |
| Consolidated revenue | | | | | | | <u>46,563</u> |
| Results | | | | | | | |
| Segment results | 1,527 | (126) | 38 | (109) | 482 | (4) | 1,808 |
| Interest income | - | - | - | 1 | 7 | - | 8 |
| Net reversal of interest expense | - | - | - | 188 | - | - | 188 |
| Net reversal of fair value arising from the acquisition of a subsidiary | - | - | - | 6 | - | - | 6 |
| Depreciation of property and equipment | (137) | - | (3) | (8) | (68) | (19) | (235) |
| Depreciation of right-of-use assets | (516) | - | - | - | (15) | (13) | (544) |
| Depreciation of investment properties | - | - | (41) | - | - | - | (41) |
| Interest expense on lease liabilities | (126) | - | - | - | (2) | - | (128) |
| Consolidated profit/(loss) before taxation | <u>748</u> | <u>(126)</u> | <u>(6)</u> | <u>78</u> | <u>404</u> | <u>(36)</u> | <u>1,062</u> |
| Tax expense | (417) | - | (9) | (12) | (235) | - | (673) |
| Consolidated profit/(loss) after taxation | <u>331</u> | <u>(126)</u> | <u>(15)</u> | <u>66</u> | <u>169</u> | <u>(36)</u> | <u>389</u> |
| Assets | | | | | | | |
| Segment assets/Consolidated total assets | 51,191 | 537 | 10,863 | 157,664 | 80,457 | 39,276 | <u>339,988</u> |
| Liabilities | | | | | | | |
| Segment liabilities/Consolidated total liabilities | 30,660 | 26 | 91 | 63,342 | 127 | 199 | <u>94,445</u> |

The Group operates principally in Malaysia.

Part A

**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134
Interim Financial Reporting (Cont’d)**

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter up to 17 February 2023, being the latest practicable date not earlier than seven (7) days from the date of the issue of this report that are expected to have an operational or financial impact.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period under review.

A12. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 17 February 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A13. Capital Commitments

There were no capital commitments as at 17 February 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) except as follows:

| | |
|--------------------------------------------|---------|
| | RM'000 |
| Approved and contracted for: | |
| - Investment properties under construction | 171,077 |
| | <hr/> |

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A14. Related Party Transactions

The Group’s related party transactions are as follows:

| | Individual Quarter | | Cumulative Period | |
|----------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------|
| | Current Year Quarter 31 December 2022 RM'000 | Preceding Year Corresponding Quarter 31 December 2021 RM'000 | Current Year To-date 31 December 2022 RM'000 | Preceding Year Corresponding Period 31 December 2021 RM'000 |
| Administrative expenses charged to a related party | - | - | - | 2 |
| Professional services charged by a related party | 11 | 17 | 33 | 39 |
| Key management personnel:- | | | | |
| - salaries and allowances | 280 | 337 | 1,085 | 1,009 |
| - defined contribution plans | 33 | 39 | 129 | 119 |
| - others | 1 | 1 | 3 | 3 |
| - fee | 81 | 72 | 242 | 216 |

A15. Changes in Fair Value of Financial Assets and Financial Liabilities, Transfers and Classifications

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

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

| | Individual Quarter | | Changes % | Cumulative Period | | Changes % |
|---------------------------------------------------------------|-------------------------|--------------------------------------------|---------------|----------------------------|-------------------------------------------|---------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | | Current Year To-date | Preceding Year Corresponding Period | |
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | | 31.12.2022 RM'000 | 31.12.2021 RM'000 | |
| Revenue:- | | | | | | |
| IT and ICT Division | 32,158 | 45,985 | (30.1) | 100,085 | 132,834 | (24.7) |
| Construction Division | - | - | - | - | - | - |
| Property Investment Division | 70 | 69 | 1.4 | 210 | 194 | 8.1 |
| Property Development Division | 1,715 | (650) | 363.8 | 2,394 | 173 | 1,283.8 |
| Moneylending Business Division | 344 | 909 | (62.2) | 1,560 | 2,333 | (33.1) |
| Plantation Division | 842 | - | 100.0 | 2,547 | - | 100.0 |
| Investment Holding Division | 152 | 250 | (39.2) | 474 | 688 | (31.2) |
| | 35,281 | 46,563 | (24.2) | 107,270 | 136,222 | (21.3) |
| Profit /(Loss) before taxation ("PBT/(LBT)"):- | | | | | | |
| IT and ICT Division | 722 | 748 | (3.5) | (293) | 2,874 | (110.2) |
| Construction Division | (8) | (126) | 93.7 | (131) | (377) | 65.2 |
| Property Investment Division | 35 | (6) | 683.3 | (55) | (44) | (26.0) |
| Property Development Division | (671) | 78 | (960.3) | (1,117) | (2,148) | 48.0 |
| Moneylending Business Division | (248) | 404 | (161.4) | (98) | 817 | (112.0) |
| Plantation Division | 331 | - | 100.0 | 1,184 | - | 100.0 |
| Investment Holding Division | 5,702 | (36) | 15,938.9 | 4,732 | (129) | 3,768.5 |
| | 5,863 | 1,062 | 452.1 | 4,222 | 993 | 325.2 |

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B1. Detailed Analysis of Overall Performance (Cont'd)

Overall Performance

The Group's revenue for the current quarter as compared to the preceding year's corresponding quarter has decreased by RM 11.2 million (24.2%). The main contributor of such result is from IT and ICT Division with significant drop in revenue from Do-It-Yourself ("DIY") products and notebooks amounting to RM 10.8 million in total.

Despite the drop in revenue, the Group reported a profit before tax of RM 5.9 million. The positive result is due to gain on disposal of subsidiary amounting to RM 5.9 million.

IT and ICT Division

Decline of revenue is explained above. The Division remained profitable for the reporting quarter due to gain on disposal of property and equipment amounting to RM 1 million.

Construction Division

The losses recorded in both quarters were due to absent of revenue in the division.

Property Investment Division

Revenue is comparable for both quarters under review and PBT is resulted from gain on disposal of investment properties.

Property Development Division

The revenue recognised was in respect of the development project in Kajang and based on the development stage of completion as well as the percentage of the numbers of units sold.

The increase in revenue in the current quarter was mainly due to the increase in progress billings arose from the development works achieved for sold units.

LBT was reported in current quarter despite increase in revenue. This was mainly due to higher costs of sales and higher operating expense. Preceding year's corresponding quarter reporting PBT due to saving in finance cost.

Moneylending Business Division

The relatively low revenue generated in current quarter under review was mainly due to settlement of borrowing by a major customer.

LBT reported in the quarter under review is directly impacted by drop in revenue.

Plantation Division

The principal activities of this new division are operating of oil palm.

The division continue to record a PBT for the quarter under review.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B1. Detailed Analysis of Overall Performance (Cont'd)

Investment Holding Division

Despite the lower revenue, the division reported PBT of RM 5.7 million as result of gain on disposal of subsidiary.

B2. Comments on Material Changes in the Profit/(Loss) Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter

| | Current Quarter 31.12.2022 RM'000 | Immediate Preceding Quarter 30.9.2022 RM'000 | Changes % |
|--------------------------------|--------------------------------------------|----------------------------------------------------------|--------------|
| Revenue:- | | | |
| IT and ICT Division | 32,158 | 33,083 | (2.8) |
| Construction Division | - | - | - |
| Property Investment Division | 70 | 70 | - |
| Property Development Division | 1,715 | 441 | 288.9 |
| Moneylending Business Division | 344 | 530 | (35.1) |
| Plantation Division | 842 | 779 | 8.1 |
| Investment Holding Division | 152 | 211 | (28.0) |
| | 35,281 | 35,114 | 0.5 |
| PBT/(LBT):- | | | |
| IT and ICT Division | 722 | (517) | 239.7 |
| Construction Division | (8) | (35) | 77.1 |
| Property Investment Division | 35 | (29) | 220.7 |
| Property Development Division | (671) | (329) | (104.0) |
| Moneylending Business Division | (248) | (32) | (675.0) |
| Plantation Division | 331 | 219 | 51.1 |
| Investment Holding Division | 5,702 | (485) | 1,275.7 |
| | 5,863 | (1,208) | 585.3 |

Overall Performance

Revenue for the current quarter is comparable to the immediate preceding quarter.

PBT of RM 5.9 million recorded in the current quarter as compared to the immediate preceding quarter was mainly driven by the gain on disposal of subsidiary of RM 5.9 million.

IT and ICT Division

Fluctuation of revenue for the quarter under review as compared to immediate preceding quarter is due to soft demand of notebook, however it was mitigated by slightly stronger demand of DIY products.

PBT of RM 0.7 million was reported as result of gain on disposal of property and equipment amounting to RM 1 million.

Construction Division

There was no revenue reported in both quarters. Lower LBT in current quarter mainly driven by absent of payroll related expenses.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter (Cont'd)

Property Investment Division

The rental income earned was fairly consistent for both quarters. With the gain on disposal of property investment, the division reported PBT for the quarter under review.

Property Development Division

The revenue recognised was in respect of the development project in Kajang and based on the development stage of completion as well as the percentage of the numbers of units sold.

The movement of revenue in the current quarter was mainly due to the increase in progress billings arose from the development works achieved for sold units.

LBT was reported in current quarter despite increase in revenue. This was mainly due to higher costs of sales and higher operating expense.

Moneylending Business Division

The decrease in revenue in the current quarter was mainly due to decrease in the volume of money lending.

Higher LBT reported in current quarter was resulted from direct impact of decline of revenue.

Plantation Division

The principal activities of this new division are operating of oil palm.

Higher PBT reported in current quarter under review mainly driven by 13% higher fresh fruit brunches (FFB) output despite the fluctuation of average price per metric tonne of FFB.

Investment Holding Division

The decrease in revenue was mainly due to lower interest income from short-term investment as compared to immediate preceding quarter.

PBT was reported for the quarter under review due to gain on disposal of subsidiary.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B3. Commentary on Prospects

The transition to the endemic phase and reopening of Malaysia's borders have clearly provided a positive impact to the Malaysian economy. While the domestic demand is expected to improve as economy activities have slowly recovered to pre-pandemic stage, the uncertainties arising from the global wheat shortage and fluctuation of crude oil and gas prices amid fears of a global economic shock from Russia's invasion of Ukraine posing threats to higher inflation rate in Malaysia and thus rising cost of living.

Since a major part of our revenue is dependent on the general well-being of retail or consumer spending, the demand for IT and ICT products is expected to fluctuate. Other than the core business, the Group's other businesses also include property development, construction and investment and moneylending services and with the recent acquisition of a plantation company, it enables the Group to diversify its revenue and income streams.

The Board will take a cautious risk-adjusted approach towards the deployment of funds to existing portfolios while continuing to seek more opportunities and assessing all factors and angles before deciding to undertake any such possibilities.

B4. Variance between Actual Profit and Forecast Profit or Profit Guarantee

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

B5. Tax Expense

The tax expense is as follows:

| | Individual Quarter | | Cumulative Period | |
|--------------------------------------------------------|----------------------------------------------|---------------------------------------------------------|----------------------------------------------|-------------------------------------------------------------|
| | Current Year Quarter 31.12.2022 RM'000 | Preceding Corresponding Quarter 31.12.2021 RM'000 | Current Year To-date 31.12.2022 RM'000 | Preceding Year Corresponding Period 31.12.2021 RM'000 |
| Current tax expense: | | | | |
| - For the current financial period | 40 | (320) | (49) | (1,008) |
| - (Under)/Overprovision in the previous financial year | (10) | (341) | (10) | (341) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 30 | (661) | (59) | (1,349) |
| Deferred tax expense: | | | | |
| - For the current financial period | 45 | (12) | 66 | 6 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 75 | (673) | 7 | (1,343) |

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B6. Status of Corporate Proposals

There were no other corporate proposals as at 17 February 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion except for the following:

- (i) Bursa Securities had, vide its letter dated 6 October 2022, approved the listing and quotation of up to 127,580,200 Placement Shares to be issued pursuant to the Proposed Private Placement ("Private Placement II") subject to the following conditions:
 - a. HMCB and TA Securities must fully comply with the relevant provisions under the ACE Listing Requirements pertaining to the implementation of the Proposed Private Placement II;
 - b. HMCB and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement II;
 - c. HMCB and TA Securities to inform Bursa Securities with a written confirmation of its compliance with terms and conditions of Bursa Securities' approval once the Proposed Private Placement II is completed.
- (ii) The Board has on 30 December 2022 announced that the Proposed Diversification of the existing businesses of the company and its subsidiaries to include oil palm cultivation, plantation, milling processing and trading.

B7. Utilisation of Proceeds

Rights Issue of Shares with Warrants B and the Rights Issue of ICPS

On 15 May 2019, TA Securities on behalf of the Board of Directors of HMCB ("Board"), announced that the Rights Issue of Shares with Warrants B and Rights Issue of ICPS (collectively referred as "Rights Issues I") have been completed following the listing of and quotation for 60,988,578 new ordinary shares together with 60,988,578 Warrants B and 914,828,754 ICPS on the ACE Market of Bursa Securities.

On 25 July 2019, the shareholders of the Company had approved the variation to the utilisation of proceeds raised from the Rights Issues I.

On 27 October 2022, the shareholders of the Company had approved the variation to utilisation of proceeds raised from the Rights Issues I.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B7. Utilisation of Proceeds (Cont'd)**

At 31 December 2022, the status of the utilisation of proceeds raised from the Rights Issues I taking into consideration the variation approved on 27 October 2022 is as follows:-

| Utilisation of proceeds | Utilisation of proceeds after the variation (RM'000) | Amount utilised at 31 December 2022 (RM'000) | Balance of proceeds (RM'000) | Revised time frame for utilisation of proceeds |
|----------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|------------------------------|------------------------------------------------|
| | (A) | (B) | (A-B) | |
| Proposed development project under Kepayang Heights Sdn Bhd ("KHSB") | 1,298 ⁺ | (1,298) | - | Within 48 months [*] |
| Working capital for moneylending business | 20,000 | (20,000) | - | Within 12 months [^] |
| Future projects and/or acquisitions | 19,500 ⁺ | (19,500) | - | Within 36 months [*] |
| Working capital | 4,118 [#] | (4,118) | - | Within 24 months [*] |
| Expenses in relation to the corporate exercises | 1,082 [#] | (1,082) | - | - |
| Part finance the acquisition | 8,891 [@] | (8,891) | - | Within 6 months ^{^^} |
| Total | 54,889 | (54,889) | - | |

Notes:

- * From 15 May 2019 (being the date of completion of the Rights Issues I).
- ^ From 25 July 2019 (being the date of obtaining approval from shareholders of the Company for a variation to the utilisation of proceeds at a general meeting).
- ^^ From 27 October 2022 (being the date of obtaining approval from shareholders of the Company for a variation to the utilisation of proceeds at a general meeting).
- # As the actual expenses for the corporate exercises were lower than the estimated expenses for the said corporate exercises, hence the surplus amount (i.e approximately RM118,000) has been re-allocated to the working capital of the Group.
- + After variation of the utilisation of proceeds of RM13 million (as announced by the Company on 28 April 2022) from the proposed development project under KHSB to future projects and/or acquisition.
- @ After variation of the utilisation of proceeds of RM 8.9 million (as announced by the Company on 27 October 2022) from the proposed development project under KHSB to part finance the acquisition.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B7. Utilisation of Proceeds (Cont'd)**Private Placement I

On 29 March 2022, the Company has completed a private placement of 306,524,700 new HMCB Shares at an issue price of RM0.065 each following the listing of 306,524,700 new HMCB Shares in the ACE Market of Bursa Securities.

On 27 October 2022, the shareholders of the Company had approved the variation to utilisation of proceeds raised from the Private Placement I.

At 31 December 2022, the status of the utilisation of proceeds raised from Private Placement I is as follows:-

| Utilisation of proceeds | Utilisation of proceeds after the variation (RM'000) | Amount utilised at 31 December 2022 (RM'000) | Balance of proceeds (RM'000) | Timeframe for utilisation* |
|------------------------------------------------|------------------------------------------------------|----------------------------------------------|------------------------------|-----------------------------|
| | (A) | (B) | (A-B) | |
| Working capital for 'The Louvre' project | 5,579 | (5,579) | - | Within 12 months* |
| Expenses in relation to the corporate exercise | 228 [#] | (228) | - | Within 1 month |
| Part finance the acquisition | 14,117 [^] | (3,426) | 10,691 | Within 6 month [@] |
| TOTAL | 19,924 | (9,233) | 10,691 | |

Notes:

* From 29 March 2022 (being the date of completion of the Private Placement I).

@ From 27 October 2022 (being the date of obtaining approval from shareholders of the Company for a variation to the utilisation of proceeds at a general meeting).

As the actual expenses for the corporate exercise were lower than the estimated expenses for the said corporate exercise, hence the surplus (i.e approximately RM12,000) has been re-allocated to the working capital for 'The Louvre' project.

^ After variation of the utilisation of proceeds of RM 14.1 million (as announced by the Company on 27 October 2022) from the proposed working capital for "The Louvre" project to part finance the acquisition.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B8. Details of Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at the end of the reporting period are as follows:

| | As at 31.12.2022 RM'000 | As at 31.12.2021 RM'000 |
|--------------------|----------------------------|----------------------------|
| Current | | |
| Lease liabilities | 1,791 | 2,229 |
| Non-current | | |
| Lease liabilities | 103 | 1,907 |
| | <hr/> | <hr/> |
| | 1,894 | 4,136 |

B9. Gains and Losses arising from Fair Value Changes of Financial Liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.

B10. Changes in Material Litigation

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

B11. Dividends

No interim dividend has been declared or proposed for the current financial period under review.

B12. Earnings/(Loss) per Share

The basic loss per share was calculated by dividing the profit/(loss) after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective period as follows:

| | Year Quarter 31.12.2022 | Corresponding Quarter 31.12.2021 | Year To-date 31.12.2022 | Corresponding Period 31.12.2021 |
|---------------------------------------------------------------------------------|-------------------------------|----------------------------------------|-------------------------------|---------------------------------------|
| Profit/(Loss) after taxation attributable to the owners of the Company (RM'000) | 5,944 | 389 | 4,237 | (344) |
| Weighted average number of ordinary shares in issue | 1,111,823,623 | 718,249,338 | 1,099,246,044 | 660,033,868 |
| Basic earnings/(loss) per share (sen) | 0.54 | 0.05 | 0.39 | (0.05) |
| Diluted earnings/(loss) per share (sen) | 0.54 | 0.05 | 0.39 | (0.05) |

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

| | Individual Quarter | | Cumulative Period | |
|----------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| | Current Year Quarter 31.12.2022 RM'000 | Preceding Year Corresponding Quarter 31.12.2021 RM'000 | Current Year To-date 31.12.2022 RM'000 | Preceding Year Corresponding Period 31.12.2021 RM'000 |
| Interest income | 156 | 258 | 498 | 717 |
| Interest expense | - | (188) | - | 1,813 |
| Interest expense on lease liabilities | 48 | 128 | 177 | 340 |
| Gain on disposal of investment properties | 52 | - | 52 | - |
| Gain on disposal of subsidiary | 5,933 | - | 5,933 | - |
| Gain on disposal of property and equipment | 1,003 | - | 1,003 | - |
| Depreciation on property and equipment | 140 | 235 | 549 | 685 |
| Depreciation on investment properties | 47 | 41 | 128 | 122 |
| Depreciation on right-of-use assets | 620 | 544 | 1,884 | 1,621 |
| Net realisation of fair value arising from the acquisition of a subsidiary | 160 | (6) | 309 | 100 |
| Gain on modification of leases | - | - | - | 2 |

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 24 February 2023.