



HCK CAPITAL GROUP BERHAD
(484964-H)

Interim Financial Statement
For the Financial Quarter Ended 30 September 2018

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Financial Quarter Ended 30 September 2018**

	Note	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
		<u>30.09.2018</u>	<u>30.09.2017</u>	<u>30.09.2018</u>	<u>30.09.2017</u>
		RM '000	RM '000	RM '000	RM '000
Revenue		7,208	6,096	20,954	19,774
Cost of sales		(124)	(843)	(4,424)	(3,268)
Gross Profit		7,084	5,253	16,530	16,506
Other operating income		20	96	375	106
Administrative and general expenses		(3,846)	(4,834)	(12,026)	(14,614)
Sales and marketing expenses		(24)	(139)	(1,488)	(665)
Profit from operations		3,234	376	3,391	1,333
Interest income		26	-	61	38
Interest expense		(1,159)	(948)	(3,427)	(2,751)
Share of results in associates, net of tax		(3)	-	(11)	-
Profit / (loss) before taxation	B14	2,098	(572)	14	(1,380)
Tax expense	B6	-	(136)	-	(136)
Profit / (loss) from continuing operations		2,098	(708)	14	(1,516)
DISCONTINUED OPERATIONS					
Loss after taxation from discontinued operations		-	-	-	(6)
Profit / (loss) after taxation		2,098	(708)	14	(1,522)
Attributable to:					
Owners of the parent		1,937	(674)	361	(1,205)
Non-controlling interests		161	(34)	(347)	(317)
		2,098	(708)	14	(1,522)
Earning/(loss) per share					
- Basic		0.46	(0.22)	0.09	(0.31)
- Diluted		0.41	NA	0.08	NA

The above 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 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Financial Quarter Ended 30 September 2018**

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30.09.2018</u>	<u>30.09.2017</u>	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit / (loss) after taxation for the period	2,098	(708)	14	(1,522)
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income / (expense)	<u>2,098</u>	<u>(708)</u>	<u>14</u>	<u>(1,522)</u>
Total comprehensive income / (expense) attributable to:				
Owners of the parent	1,937	(674)	361	(1,205)
Non-controlling interests	161	(34)	(347)	(317)
	<u>2,098</u>	<u>(708)</u>	<u>14</u>	<u>(1,522)</u>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

Unaudited Condensed Consolidated Statements of Financial Position**As at 30 September 2018**

	AS AT 30.09.2018 RM' 000 Unaudited	AS AT 31.12.2017 RM' 000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	38,112	38,792
Land held for property development	61,277	61,277
Investment property	44,000	44,000
Investment in associates	-	11
Goodwill	4,454	4,454
Intangible assets	536	575
	148,379	149,109
Current assets		
Inventories	228,971	229,244
Property development costs	38,236	30,646
Trade and other receivables	24,106	29,686
Current tax assets	1,794	1,446
Short term fund	5	5
Fixed deposit with a licensed bank	4,064	1,033
Cash and bank balances	2,362	4,220
	299,538	296,280
TOTAL ASSETS	447,917	445,389
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	84,347	84,234
Share premium	68,895	68,938
Warrants reserve	10,523	10,529
Retained earnings	28,182	27,821
	191,947	191,522
Non-controlling interests	11,953	12,300
Total equity	203,900	203,822
Non-current liabilities		
Deferred tax liabilities	4,527	4,527
Trade and other payables	27,159	27,159
Long term borrowings	B8 137,000	150,306
	168,686	181,992
Current liabilities		
Trade and other payables	45,761	37,860
Short term borrowings	B8 29,570	21,715
	75,331	59,575
Total liabilities	244,017	241,567
TOTAL EQUITY AND LIABILITIES	447,917	445,389
Net assets per share attributable to owners of the parent (RM)	0.46	0.45

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

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(Company no: 484964-H)

**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Quarter Ended 30 September 2018**

	←—— Attributable to Owners of the Parent ——→				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable		Distributable				
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Retained Earnings RM'000			
As at 1 January 2017	84,234	69,486	-	22,726	176,446	5,061	181,507
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	239	239
Corporate exercise expenses	-	(390)	-	-	(390)	-	(390)
Disposal of subsidiaries	-	-	-	-	-	(47)	(47)
Total comprehensive expense	-	-	-	(1,205)	(1,205)	(317)	(1,522)
As at 30 September 2017	<u>84,234</u>	<u>69,096</u>	<u>-</u>	<u>21,521</u>	<u>174,851</u>	<u>4,936</u>	<u>179,787</u>
As at 1 January 2018	84,234	68,938	10,529	27,821	191,522	12,300	203,822
Conversion of warrants	113	6	(6)	-	113	-	113
Contributions by owners of the Company - Corporate exercise expenses	-	(49)	-	-	(49)	-	(49)
Total comprehensive expense	-	-	-	361	361	(347)	14
As at 30 September 2018	<u>84,347</u>	<u>68,895</u>	<u>10,523</u>	<u>28,182</u>	<u>191,947</u>	<u>11,953</u>	<u>203,900</u>

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(Incorporated in Malaysia)
(Company no: 484964-H)

Unaudited Condensed Consolidated Statement of Cash Flow
For the Financial Quarter Ended 30 September 2018

	<u>Cumulative Quarter</u>	
	30.09.2018	30.09.2017
	RM' 000	RM' 000
Loss before taxation		
Continuing Operations	14	(1,380)
Discontinued Operations	-	(6)
	14	(1,386)
<u>Adjustments for :</u>		
Non-cash items	547	3,624
Non-operating items	3,367	(51)
Total adjustments	3,914	3,573
Operating cash flow before changes in working capital	3,928	2,187
<u>Changes in working capital</u>		
Changes in inventories	273	(1,213)
Changes in land held for property development	(7,590)	(2,316)
Changes in trade and other receivables	8,497	5,045
Changes in trade and other payables	3,925	(11,715)
Total changes in working capital	5,105	(10,199)
Cash flow from operations	9,033	(8,012)
Interest paid	(3,427)	(2,751)
Tax paid	(348)	(715)
Net cash flows from operating activities	5,258	(11,478)
<u>Investing activities</u>		
Interest received	60	38
Advances to associate	(1,401)	-
Net cash inflow from disposal of a subsidiary	-	799
Subscription of shares from non-controlling interest	-	239
Proceeds from disposal of equipment	205	112
Placement of short-term deposit pledged to a licensed bank	(3,031)	(33)
Purchase of property and equipment	(22)	(15,040)
Net cash flows from / (used in) investing activities	(4,189)	(13,885)
<u>Financing activities</u>		
Advance from / (Repayment to) directors	2,459	(9,954)
Conversion of warrants	113	-
Corporate exercise expenses paid	(49)	(390)
Repayment of hire purchases	(304)	(208)
Drawdown of revolving credit	-	10,000
Drawdown of term loans	-	30,708
Repayment to term loans	(5,146)	(6,047)
Net cash flows used in financing activities	(2,927)	24,109
Net changes in cash and cash equivalents	(1,858)	(1,254)
Cash and cash equivalents at beginning of year	4,225	3,041
	2,367	1,787
<u>Composition of cash and cash equivalents:</u>		
Short term fund	5	60
Cash and bank balances	2,362	1,727
Cash and cash equivalents at end of period	2,367	1,787

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

The significant accounting policies adopted in the preparation the unaudited interim financial report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective from 1 January 2018, as disclosed below:

MFRSs and Amendments to MFRSs
MFRS 9: <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>
MFRS 15: <i>Revenue from Contracts with Customers</i>
Amendments to MFRS 1: <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>
Amendments to MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 128: <i>Measuring an Associate or Joint Venture at Fair Value</i>
Amendments to MFRS 140: <i>Transfers of Investment Property</i>
IC Interpretation 22: <i>Foreign Currency Transactions and Advance</i>
Amendments to MFRS 4: <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>

The adoption of the all and above pronouncement did not have any significant impact on the financial statements of the Group.

As at the date of authorisation of the unaudited interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations	Effective for financial periods beginning on or
Amendments to MFRS 3: <i>Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	01 January 2020
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	01 January 2019
Amendments to MFRS 11: <i>Joint Arrangements (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendment to MFRS 14: <i>Regulatory Deferral Accounts</i>	01 January 2020
MFRS 16: <i>Leases</i>	01 January 2019
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	01 January 2020
Amendments to MFRS 112: <i>Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendments to MFRS 119: <i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>	
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	01 January 2019
Amendments to MFRS 123: <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation (Cont'd)

As at the date of authorisation of the unaudited interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group: (Cont'd)

MRFSSs, Amendments to MFRSs and IC Interpretations (Cont'd)	Effective for financial periods beginning on or
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	01 January 2020
Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	01 January 2020
Amendment to MFRS 138: <i>Intangible Assets</i>	01 January 2020
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	01 January 2019
MFRS 17: <i>Insurance Contracts</i>	01 January 2021
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred until further notice

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

A2. Valuation of Property, Plant and Equipment and Investment Properties

There were no changes in the valuation on property, plant and equipment and investment properties during the current financial period under review.

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

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

A5. Changes in Estimates

There were no changes in estimates that have had any material effect on the result for the current financial quarter and financial period under review.

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and financial period under review.

A7. Dividend Paid

No dividend was paid during the current financial quarter and previous corresponding financial quarter.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**A8. Segmental Information**

	Properties RM'000	Food RM'000	Others RM'000	Total RM'000
Results for 3 months ended 30 September 2018				
<u>Revenue</u>				
External	6,725	470	13	7,208
Inter-segment	1,200	-	896	2,096
	<u>7,925</u>	<u>470</u>	<u>909</u>	<u>9,304</u>
Consolidated adjustments and elimination				(2,096)
Consolidated revenue				<u>7,208</u>
<u>Results</u>				
Results before the following adjustments	4,221	(60)	(184)	3,977
Consolidated adjustments and elimination	821	-	(821)	-
Amortisation of intangible asset	(1)	(12)	-	(13)
Depreciation of property and equipment	(116)	(51)	(1)	(168)
Direct operating expenses on investment properties	(562)	-	-	(562)
Segment results	<u>4,363</u>	<u>(123)</u>	<u>(1,006)</u>	<u>3,234</u>
Interest income				26
Interest expense				(1,159)
Share of results in associates				(3)
Consolidated profit after taxation				<u>2,098</u>
	Properties RM'000	Food RM'000	Others RM'000	Total RM'000
Results for 3 months ended 30 September 2017				
<u>Revenue</u>				
External	5,388	641	67	6,096
Inter-segment	1,200	-	1,020	2,220
	<u>6,588</u>	<u>641</u>	<u>1,087</u>	<u>8,316</u>
Consolidated adjustments and elimination				(2,220)
Consolidated revenue				<u>6,096</u>
<u>Results</u>				
Results before the following adjustments	1,241	58	(279)	1,020
Consolidated adjustments and elimination	(13)	-	(3)	(16)
Amortisation of intangible asset	(1)	(12)	-	(13)
Depreciation of equipment	(120)	(83)	(1)	(204)
Direct operating expenses on investment properties	(424)	-	-	(424)
Gain on disposal of equipment	-	13		13
Segment results	<u>683</u>	<u>(24)</u>	<u>(283)</u>	<u>376</u>
Interest expense				(948)
Tax expense				(136)
Consolidated loss after taxation				<u>(708)</u>

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Segmental Information (Cont'd)

	Properties RM'000	Food RM'000	Others RM'000	Total RM'000
Results for 9 months ended 30 September 2018				
Revenue				
External	19,378	1,532	44	20,954
Inter-segment	3,600	-	2,608	6,208
	<u>22,978</u>	<u>1,532</u>	<u>2,652</u>	<u>27,162</u>
Consolidated adjustments and elimination				(6,208)
Consolidated revenue				<u>20,954</u>
Results				
Results before the following adjustments	6,645	(223)	(879)	5,543
Consolidated adjustments and elimination	2,313	(10)	(2,306)	(3)
Amortisation of intangible asset	(2)	(36)	-	(38)
Depreciation of property and equipment	(373)	(165)	(3)	(541)
Direct operating expenses on investment properties	(1,614)	-	-	(1,614)
Gain on disposal of equipment	8	36	-	44
Segment results	<u>6,977</u>	<u>(398)</u>	<u>(3,188)</u>	<u>3,391</u>
Interest income				61
Interest expense				(3,427)
Share of results in associates				(11)
Consolidated profit after taxation				<u>14</u>
Results for 9 months ended 30 September 2017				
Revenue				
External	17,976	1,720	78	19,774
Inter-segment	3,600	-	3,012	6,612
	<u>21,576</u>	<u>1,720</u>	<u>3,090</u>	<u>26,386</u>
Consolidated adjustments and elimination				(6,612)
Consolidated revenue				<u>19,774</u>
Results				
Results before the following adjustments	4,571	(873)	39	3,737
Consolidated adjustments and elimination	29	-	(632)	(603)
Amortisation of intangible asset	(2)	(37)	-	(39)
Depreciation of equipment	(344)	(277)	(3)	(624)
Direct operating expenses on investment properties	(1,157)	-	-	(1,157)
Gain on disposal of equipment	-	13	-	13
Segment results	<u>3,097</u>	<u>(1,174)</u>	<u>(596)</u>	<u>1,327</u>
Interest income				38
Interest expense				(2,751)
Tax expense				(136)
Consolidated loss after taxation				<u>(1,522)</u>
Segment assets and liabilities as at 30 September 2018				
Assets				
Segment assets	431,026	2,602	12,495	446,123
Tax recoverable	1,786	8	-	1,794
Consolidated total assets	<u>432,812</u>	<u>2,610</u>	<u>12,495</u>	<u>447,917</u>
Liabilities				
Segment liabilities	235,647	189	3,654	239,490
Deferred tax liabilities	4,527	-	-	4,527
Consolidated total liabilities	<u>240,174</u>	<u>189</u>	<u>3,654</u>	<u>244,017</u>
Segment assets and liabilities as at 30 September 2017				
Assets				
Segment assets	380,831	2,304	145	383,280
Tax recoverable	1,448	-	9	1,457
Consolidated total assets	<u>382,279</u>	<u>2,304</u>	<u>154</u>	<u>384,737</u>
Liabilities				
Segment liabilities	197,403	340	3,480	201,223
Deferred tax liabilities	3,727	-	-	3,727
Consolidated total liabilities	<u>201,130</u>	<u>340</u>	<u>3,480</u>	<u>204,950</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**A9. Material Events Subsequent to The End of Interim Period**

There is no material event subsequent to the end of the financial period.

A10. Changes in Composition of the Group

There were no other changes in the composition of the Group during the current quarter and year-to-date ended 30 September 2018.

A11. Changes in Contingent Assets and Contingent Liabilities

There were no other changes in contingent assets and contingent liabilities since the end of previous financial year.

A12. Capital Commitments

	As at 30/9/2018 RM'000
<u>Contracted but not provided for:</u>	
Purchase of leasehold lands	<u>76,780</u>

A13.**Operating Lease Commitments**

	As at 30/9/2018 RM'000
(i) Leases as Lessee	
The future minimum lease payments under the non-cancellable operating leases are as follows:-	
Not more than 1 year	748
Later than 1 year and not later than 5 years	467
	<u>1,215</u>

(ii) Leases as Lessor

The Group has entered into a non-cancellable operating lease agreement with a non-controlling interest, in respect of the leases of the investment property. The lease has non-cancellable term of 3 years, with a renew option of 3 years included in the lease agreement, at the option of the lessee.

	As at 30/9/2018 RM'000
The future minimum lease payments under the non-cancellable operating leases are as follows:-	
Not more than 1 year	3,847
Later than 1 year and not later than 5 years	1,283
	<u>5,130</u>

A14. Related Party Transactions

	Current Quarter		Cumulative Quarter	
	30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
Rental expenses to a related party	-	3	18	3
Rental income from a non-controlling interest	961	837	2,885	2,511

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of performance****Current Quarter ended 30 September 2018**

For the current financial quarter under review, the Group recorded a revenue of RM7.2 million, RM1.1 million higher compared with the previous corresponding financial quarter.

The profit before tax of RM2.1 million recorded in current quarter as compared to loss before tax of RM0.57 million in the previous corresponding quarter is in line with the higher revenue recorded.

For the 9 months ended 30 September 2018

The 9 months revenue ended 30 September 2018 of RM21 million is comparable to previous corresponding period's revenue.

The profit before taxation of RM14,000 as compared to a loss of RM1.4 million in the corresponding financial period is mainly due to lower staff costs, administrative expenses and marketing expenses.

B2. Comment on financial results (current quarter compared with the preceding quarter)

	Current Quarter 30/9/2018 RM'000	Immediate Preceding Quarter 30/6/2018 RM'000	Changes
Revenue	7,208	4,239	70.0%
Profit before taxation ("PBT")	2,098	(2,188)	> 100%

The Group for the current quarter recorded a higher revenue and profit before tax against PBT in the immediate preceding quarter was mainly due to higher project billing during the current quarter.

B3. Future Prospects

The Malaysian property market in the short term is affected by the financial institutions' stricter lending requirements and tightening of domestic liquidity conditions.

Notwithstanding the challenges in Malaysian property market and economy, the Board is cautiously optimistic that its property division will contribute positively to the Group's results due to the favourable take up rate of the Edusphere @ Cyberjaya's serviced apartments which was launched in December 2017.

The Group attributes the successful launch to the market's growing confidence in the HCK Capital Group as an emerging developer of "education cities".

B4. Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast in a public document.

B5. Variance from profit forecast or profit guarantee

Not applicable.

B6. Taxation

	Current Quarter		Cumulative Quarter	
	30/9/2018 RM '000	30/9/2017 RM '000	30/9/2018 RM '000	30/9/2017 RM '000
Current income tax				
- for the financial period	-	136	-	136
	-	136	-	136

Income tax expense is recognised in each interim period based on the best estimate of the income tax payable for the full financial year. The effective income tax rate for the current period year to date and current quarter was lower than statutory tax rate, principally due to tax incentives giving and losses are available during the financial quarter.

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(Incorporated in Malaysia)

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****B7. Status of Corporate Proposals**

B7.1 (a) The Company had on 18 December announced the following:

- (i) Proposed Establishment of a Long Term Incentive Plan of up to 15% of the total number of issued shares of HCK (excluding treasury shares, if any) at any point in time ("Proposed LTIP");
- (ii) Proposed Amendment to the Constitution of HCK ("Proposed Amendment").

The Proposed LTIP and Proposed Amendment had been approved by shareholders' during the EGM held on 18 December 2017.

B8. Borrowings and Debt Securities

Details of Group's borrowings are as follows:

	As at 30 September 2018			As at 31 December 2017		
	Long term RM'000	Short term RM'000	Total RM'000	Long term RM'000	Short term RM'000	Total RM'000
<u>Secured</u>						
Term loans	136,554	19,299	155,853	149,598	11,400	160,998
Revolving credit	-	10,000	10,000	-	10,000	10,000
Hire purchases	446	271	717	708	315	1,023
	<u>137,000</u>	<u>29,570</u>	<u>166,570</u>	<u>150,306</u>	<u>21,715</u>	<u>172,021</u>

All loans and borrowings are denominated in Ringgit Malaysia ("RM").

There are no additional drawdown during the financial quarter under review. The decrease was mainly due to partial repayment.

B9. Changes in Material litigation

There was no material litigation against the Group as at the reporting date.

B10. Proposed Dividend

There was no dividend proposed in the current financial quarter and the previous corresponding financial quarter.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B11. Basic (loss)/earnings per Ordinary share**

	Current Quarter		Cumulative Quarter	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
Profit / (Loss) after taxation attributable to ordinary equity owners of the parent (RM'000)				
Profit/ Continuing Operations	1,936	(674)	363	(1,199)
Profit/ Discontinued Operations	-	-	-	(6)
	<u>1,936</u>	<u>(674)</u>	<u>363</u>	<u>(1,205)</u>
Weighted average number of ordinary shares in issue ('000)	421,181	313,485	421,181	391,585
Basic earning/(loss) per share (sen)	<u>0.46</u>	<u>(0.22)</u>	<u>0.09</u>	<u>(0.31)</u>
Continuing Operations	0.46	(0.22)	0.09	(0.31)
Discontinued Operations	-	-	-	(0.00)
	<u>0.46</u>	<u>(0.22)</u>	<u>0.09</u>	<u>(0.31)</u>
Profit/(Loss) after taxation attributable to ordinary equity owners of the parent (RM'000)	1,936	(674)	363	(1,205)
Weighted average number of ordinary shares in issue ('000)	421,181	313,485	421,181	391,585
Shares deemed to issued for no consideration ('000) - warrants	53,841	-	53,841	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>475,022</u>	<u>313,485</u>	<u>475,022</u>	<u>391,585</u>
Diluted earning/(loss) per share (sen)	<u>0.41</u>	<u>NA</u>	<u>0.08</u>	<u>NA</u>

B12. Auditors' report on preceding annual financial statement

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

B13. Profit / (loss) Before Taxation

	Current Quarter		Cumulative Quarter	
	30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
This is arrived at after charging/(crediting):				
Interest income	(26)	-	(61)	(38)
Interest expense	1,159	948	3,427	2,751
Amortisation of intangible assets	25	13	38	39
Depreciation of property, plant and equipment	347	204	541	624
Equipment written off	-	(112)	-	210
Loss on disposal of equipment	-	(11)	-	(5)
Gain on disposal of subsidiary	-	-	-	(8)

HCK CAPITAL GROUP BERHAD**PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2018 30/9/2018 RM'000	PRECEDING YEAR CORR. QTR FYE2017 30/9/2017 RM'000	CURRENT YEAR TO DATE FYE2018 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING FYE2017 30/9/2017 RM'000
1 Revenue	7,208	6,096	20,954	19,774
2 Profit / (loss) before tax	2,098	(572)	14	(1,380)
3 Profit / (loss) for the period	2,098	(708)	14	(1,522)
4 Profit / (loss) attributable to ordinary equity	1,937	(674)	361	(1,205)
5 Basic earning per share (sen)	0.46	(0.22)	0.09	(0.31)
6 Proposed/Declared dividend per share (sen)	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.46	0.45

PART A3 : ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2018 30/9/2018 RM'000	PRECEDING YEAR CORR. QTR FYE2017 30/9/2017 RM'000	CURRENT YEAR TO DATE FYE2018 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING FYE2017 30/9/2017 RM'000
1 Gross interest income	26	-	61	38
2 Gross interest expense	1,159	948	3,427	2,751