



HCK CAPITAL GROUP BERHAD
(484964-H)

Interim Financial Statement
For the Financial Year Ended 30 June 2020

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 Year Ended 30 June 2020**

	Note	Current Quarter		Cumulative Quarter	
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		RM '000	RM '000	RM '000	RM '000
Revenue		14,293	14,408	31,734	20,700
Cost of sales		(6,085)	(7,081)	(14,890)	(7,506)
Gross Profit		8,208	7,327	16,844	13,194
Other operating income		151	41	186	42
Administrative and general expenses		(2,773)	(3,130)	(7,007)	(7,511)
Sales and marketing expenses		(758)	(595)	(1,546)	(853)
		4,828	3,643	8,477	4,872
Interest income		2	35	40	72
Interest expense		(2,535)	(1,307)	(4,615)	(2,447)
Share of results in associates, net of tax		10	-	10	-
Profit before taxation	B13	2,305	2,371	3,912	2,497
Tax expense	B6	(1,227)	(47)	(1,779)	(94)
Profit after taxation		1,078	2,324	2,133	2,403
Attributable to:					
Owners of the parent		557	2,298	1,617	2,504
Non-controlling interests		521	26	516	(101)
		1,078	2,324	2,133	2,403
Earning per share (Sen)					
- Basic		0.13	0.55	0.38	0.59
- Diluted		0.12	0.49	0.35	0.53

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 2019 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 Year Ended 30 June 2020**

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit after taxation for the period	1,078	2,324	2,133	2,403
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income	<u>1,078</u>	<u>2,324</u>	<u>2,133</u>	<u>2,403</u>
Total comprehensive income attributable to:				
Owners of the parent	557	2,298	1,617	2,504
Non-controlling interests	521	26	516	(101)
	<u>1,078</u>	<u>2,324</u>	<u>2,133</u>	<u>2,403</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 2019 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 June 2020

	AS AT 30.06.2020 RM' 000 Unaudited	AS AT 31.12.2019 RM' 000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	359	436
Land held for property development	129,448	129,399
Investment property	-	55,000
Investment in associates	7,021	-
Goodwill	4,470	4,470
Intangible assets	602	620
Right of use asset	40,148	41,089
	<u>182,048</u>	<u>231,014</u>
Current assets		
Inventories	242,884	220,483
Property development costs	70,855	62,598
Contract costs	11,691	9,294
Trade and other receivables	99,655	55,692
Contract assets	30,469	25,333
Current tax assets	1	-
Short term fund	5	5
Fixed deposit with a licensed bank	4,229	4,193
Cash and bank balances	11,465	5,664
	<u>471,254</u>	<u>383,262</u>
TOTAL ASSETS	<u>653,302</u>	<u>614,276</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	156,288	155,931
Warrants reserve	10,419	10,437
Share option reserve	85	85
Retained earnings	37,348	41,554
	<u>204,140</u>	<u>208,007</u>
Non-controlling interests	4,774	6,855
Total equity	<u>208,914</u>	<u>214,862</u>
Non-current liabilities		
Deferred tax liabilities	3,377	6,777
Trade and other payables	24,953	24,953
Long term borrowings	B8 233,465	198,924
	<u>261,795</u>	<u>230,654</u>
Current liabilities		
Trade and other payables	107,011	116,006
Contract liabilities	48,469	20,053
Current tax liabilities	3,012	1,919
Short term borrowings	B8 24,101	30,782
	<u>182,593</u>	<u>168,760</u>
Total liabilities	<u>444,388</u>	<u>399,414</u>
TOTAL EQUITY AND LIABILITIES	<u>653,302</u>	<u>614,276</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.48</u>	<u>0.49</u>

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Year Ended 30 June 2020**

	← Attributable to Owners of the Parent →						Non-Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Warrants Reserve RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 January 2019	84,437	68,889	-	10,519	34,703	198,548	6,725	205,273
Contributions by and distributions to owners of the Company:								
- Conversions of warrants	1,575	-	-	-	-	1,575	-	1,575
- Employees' share options granted	-	-	85	-	-	85	-	85
- Share grant scheme exercised	948	-	-	-	-	948	-	948
Transfer from share premium in accordance with Section 618 (2) of the Companies Act 2016	68,889	(68,889)	-	-	-	-	-	-
Disposal of the subsidiaries	-	-	-	-	-	-	301	301
	71,412	(68,889)	85	-	-	2,608	301	2,909
Transfer of share capital upon conversion of warrant	82	-	-	(82)	-	-	-	-
Total comprehensive income	-	-	-	-	6,851	6,851	(171)	6,680
As at 31 December 2019	155,931	-	85	10,437	41,554	208,007	6,855	214,862
As at 1 January 2020	155,931	-	85	10,437	41,554	208,007	6,855	214,862
Conversion of warrants	339	-	-	-	-	339	-	339
Transfer to share capital upon conversion of warrant	18	-	-	(18)	-	-	-	-
Disposal of the subsidiaries	-	-	-	-	(5,823)	(5,823)	(2,597)	(8,420)
Total comprehensive income	-	-	-	-	1,617	1,617	516	2,133
As at 30 June 2020	156,288	-	85	10,419	37,348	204,140	4,774	208,914

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 2019 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 Year Ended 30 June 2020**

	Cumulative Quarter	
	30.06.2020	30.06.2019
	RM' 000	RM' 000
Profit before taxation	3,912	2,497
<u>Adjustments for :</u>		
Non-cash items	4,481	553
Non-operating items	1,207	2,375
Total adjustments	5,688	2,928
	9,600	5,425
<u>Changes in working capital</u>		
Changes in inventories	(22,401)	2,839
Changes in project development costs	(8,257)	(89,706)
Changes in contract costs	(2,397)	-
Changes in contract assets/(liabilities)	23,280	-
Changes in trade and other receivables	(13,896)	(12,392)
Changes in amount owing to directors	1,081	12,081
Changes in trade and other payables	(5,221)	26,353
Total changes in working capital	(27,811)	(60,825)
Cash flow used in operations	(18,211)	(55,400)
Tax paid	(588)	(267)
Net cash flows used in operating activities	(18,799)	(55,667)
<u>Investing activities</u>		
Interest received	134	72
Addition to property, plant and equipment	(17)	(737)
Addition in land held for development	(49)	-
Addition intangible assets	-	(147)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	510	-
Placement of short-term deposit pledged to a licensed bank	(36)	(32)
Net cash flows from/(used in) investing activities	542	(844)

HCK CAPITAL GROUP BERHAD

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Unaudited Condensed Consolidated Statement of Cash Flow (Cont'd)**For the Financial Year Ended 30 June 2020**

	Cumulative Quarter	
	30.06.2020	30.06.2019
	RM' 000	RM' 000
<u>Financing activities</u>		
Proceeds from issuance of ordinary shares:-		
- pursuant to conversion of warrant	339	154
Net drawdown/(repayment) of bank borrowings	28,852	58,661
Repayment of lease liabilities	(518)	-
Repayment of hire purchases	-	(162)
Interest Paid	(4,615)	(2,447)
Net cash flows from financing activities	24,058	56,206
Net increase/(decrease) in cash and cash equivalents	5,801	(305)
Cash and cash equivalents at beginning of year	4,069	3,373
	9,870	3,068
<u>Composition of cash and cash equivalents:</u>		
Short term fund	5	5
Cash and bank balances	11,465	3,063
Less: Bank balances held in escrow	(1,600)	-
Cash and cash equivalents at end of period	9,870	3,068

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020

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 2019 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 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective from 1 January 2020, as disclosed below:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Beachmark Reform
Amendment to MFRS 101 and MFRS 108: Definition of Material
Amendment to MFRS 101 : Classification of Liabilities as Current or Non-Current
Amendment to References to the Conceptual Framework in MFRS Standards

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
MFRS 17 Insurance Contracts	01 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2020**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation (Cont'd)

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

Issuance of 126,400 new ordinary shares from the exercise of Warrants as the exercise price of RM0.96 per warrant amounting to RM121,344.

Save for the following, 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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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information**

	Properties RM'000	Others RM'000	Total RM'000
Results for 3 months ended 30 June 2020			
<u>Revenue</u>			
External	13,967	326	14,293
Inter-segment	220	50	270
	<u>14,187</u>	<u>376</u>	<u>14,563</u>
Consolidated adjustments and elimination			(270)
Consolidated revenue			<u>14,293</u>
<u>Results</u>			
Results before the following adjustments	6,353	(294)	6,059
Consolidated adjustments and elimination	(46)	(113)	(159)
Amortisation of intangible asset	-	(8)	(8)
Depreciation of property and equipment	(11)	(37)	(48)
Direct operating expenses on investment properties	(274)	-	(274)
Depreciation of right of use assets	(188)	(161)	(349)
Loss on disposal of subsidiary	(393)	-	(393)
Segment results	<u>5,441</u>	<u>(613)</u>	<u>4,828</u>
Interest income			2
Interest expense			(2,535)
Share of results in associates			10
Tax Expense			(1,227)
Consolidated profit after taxation			<u>1,078</u>
Results for 3 months ended 30 June 2019			
<u>Revenue</u>			
External	13,953	455	14,408
Inter-segment	2,606	966	3,572
	<u>16,559</u>	<u>1,421</u>	<u>17,980</u>
Consolidated adjustments and elimination			(3,572)
Consolidated revenue			<u>14,408</u>
<u>Results</u>			
Results before the following adjustments	5,279	723	6,002
Consolidated adjustments and elimination	(573)	(853)	(1,426)
Amortisation of intangible asset	-	(13)	(13)
Depreciation of property and equipment	(173)	(158)	(331)
Direct operating expenses on investment properties	(589)	-	(589)
Segment results	<u>3,944</u>	<u>(301)</u>	<u>3,643</u>
Interest income			35
Interest expense			(1,307)
Tax expense			(47)
Consolidated profit after taxation			<u>2,324</u>

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information (Cont'd)**

	Properties RM'000	Others RM'000	Total RM'000
Results for 6 months ended 30 June 2020			
<u>Revenue</u>			
External	30,827	907	31,734
Inter-segment	7,685	669	8,354
	<u>38,512</u>	<u>1,576</u>	<u>40,088</u>
Consolidated adjustments and elimination			(8,354)
Consolidated revenue			<u>31,734</u>
<u>Results</u>			
Results before the following adjustments	12,739	(1,132)	11,607
Consolidated adjustments and elimination	(1,053)	-	(1,053)
Amortisation of intangible asset	-	(18)	(18)
Depreciation of property and equipment	(40)	(55)	(95)
Direct operating expenses on investment properties	(859)	-	(859)
Depreciation of right of use assets	(469)	(243)	(712)
Loss on disposal of subsidiary	(393)	-	(393)
Segment results	<u>9,925</u>	<u>(1,448)</u>	<u>8,477</u>
Interest income			40
Interest expense			(4,615)
Share of results in associates			10
Tax expense			(1,779)
Consolidated profit after taxation			<u>2,133</u>
	Properties RM'000	Others RM'000	Total RM'000
Results for 6 months ended 30 June 2019			
<u>Revenue</u>			
External	19,693	1,007	20,700
Inter-segment	5,783	1,936	7,719
	<u>25,476</u>	<u>2,943</u>	<u>28,419</u>
Consolidated adjustments and elimination			(7,719)
Consolidated revenue			<u>20,700</u>
<u>Results</u>			
Results before the following adjustments	8,175	976	9,151
Consolidated adjustments and elimination	(846)	(1,710)	(2,556)
Amortisation of intangible asset	-	(25)	(25)
Depreciation of equipment	(352)	(176)	(528)
Direct operating expenses on investment properties	(1,170)	-	(1,170)
Segment results	<u>5,807</u>	<u>(935)</u>	<u>4,872</u>
Interest income			72
Interest expense			(2,447)
Tax expense			(94)
Consolidated profit after taxation			<u>2,403</u>

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information (Cont'd)**

	Properties RM'000	Others RM'000	Total RM'000
Segment assets and liabilities as at 30 June 2020			
Assets			
Segment assets	643,016	10,284	653,300
Tax recoverable	-	1	1
Consolidated total assets	<u>643,016</u>	<u>10,285</u>	<u>653,301</u>
Liabilities			
Segment liabilities	434,423	3,575	437,998
Tax liabilities	6,389	-	6,389
Consolidated total liabilities	<u>440,812</u>	<u>3,575</u>	<u>444,387</u>
Segment assets and liabilities as at 30 June 2019			
Assets			
Segment assets	526,748	3,992	530,740
Tax recoverable	1,673	7	1,680
Consolidated total assets	<u>528,421</u>	<u>3,999</u>	<u>532,420</u>
Liabilities			
Segment liabilities	316,558	2,954	319,512
Deferred tax liabilities	5,077	-	5,077
Consolidated total liabilities	<u>321,635</u>	<u>2,954</u>	<u>324,589</u>

A9. Material Events Subsequent to The End of Interim Period

The Company has on 8 July 2020 announced that it has entered into a related party transanction with SEGI International Berhad ("SEGI"). The Company, via its wholly owned subsidiary, HCK Capital Holdings Sdn. Bhd., entered into an agreement to lease ("Agreement") with SEGi College (Subang Jaya) Sdn. Bhd., a wholly-owned subsidiary of SEGI, agreeing to lease Tower D and part of the podium of a development know as Edumetro @ Subang Jaya, which is held under the master title PN 97567, Lot 74746, Pekan Penaga, Daerah Petaling, Selangor Darul Ehsan at the address of Lot 74746, Persiaran Subang Permau, USJ 1, Subang Jaya, Selangor Darul Ehsan for a leasing tenure of 12 years commencing from the lease commencement date in June 2022.

The Agreement is subject to the approval of the shareholders of the Company and SEGI at their respective extraordinary general meetings to be held on a date to be determined.

A10. Changes in Composition of the Group

On 27 May 2020, the subsidiary of the Company, HCK Properties Sdn Bhd, disposed its direct subsidiary, Symphony Approach of 126,000 shares or 6% of equity to Resonant Achievement Sdn Bhd for a cash consideration of RM542,260.00.

On 28 May 2020, the indirect subsidiary, Aspen Entity Sdn Bhd acquired 25% of equity interest in Edusphere Management Sdn Bhd, which is principally engaged in the management of real estate activities for a total consideration of RM100,000.00.

On 28 May 2020, the indirect subsidiary, HCK Builder Sdn Bhd acquired 25% of equity interest in Edumetro Management Sdn Bhd, which is principally engaged in the management of real estate activities for a total consideration of RM100,000.00.

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

There is no capital commitments provided for to the end of the financial period.

A13. Related Party Transactions

	Current Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Rental income from a non-controlling interest	589	1,056	1,691	2,017

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**QUARTER ENDED 30 JUNE 2020****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020****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 June 2020**

For the current quarter under review, the Group recorded a revenue of RM14.29 million, which is RM0.12 million lower compared with the previous corresponding financial quarter, mainly due to the slightly lower rental incomes received.

Current quarter's Profit Before Tax ("PBT") of RM2.31 million which is slightly lower as compared to RM2.37 million is due to the higher interest expenses incurred in the current financial quarter.

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

	Current Quarter 30/06/2020 RM'000	Immediate Preceding Quarter 31/03/2020 RM'000	Changes
Revenue	14,293	17,440	< 100%
Profit Before Taxation ("PBT")	2,305	1,606	< 100%

The Group recorded a decline in revenue but a higher PBT for the current quarter. The lower revenue and higher PBT in the immediate preceding quarter were due to the effects of the Movement Control Order (MCO) and the cost cutting measures respectively.

B3. Future Prospects

The Malaysian property market is still to a large extent being affected by the financial institutions' stricter lending requirements and tightening of domestic liquidity. The movement control order (MCO) has also affected the Group's property sales and project management income. The Board is however cautiously optimistic about an improvement for the coming quarters given the market's growing confidence in the HCK brand.

The Group is currently working on new launches which will be expected to be executed in the next coming quarters.

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.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**QUARTER ENDED 30 JUNE 2020****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Taxation**

	Current Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM '000	RM '000	RM '000	RM '000
Current income tax				
- for the financial period	1,227	47	1,738	94
- under provision in prior financial period	-	-	41	-
	<u>1,227</u>	<u>47</u>	<u>1,779</u>	<u>94</u>

Income tax expense is recognised in each interim period based on the best estimate of the income tax payable for the full financial year.

B7. Status of Corporate Proposals

The Company has on 8 July 2020 announced that it has entered into a related party transaction with SEG International Berhad ("SEGI"). The Company, via its wholly owned subsidiary, HCK Capital Holdings Sdn. Bhd., entered into an agreement to lease ("Agreement") with SEGi College (Subang Jaya) Sdn. Bhd., a wholly-owned subsidiary of SEGI, agreeing to lease Tower D and part of the podium of a development know as Edumetro @ Subang Jaya, which is held under the master title PN 97567, Lot 74746, Pekan Penaga, Daerah Petaling, Selangor Darul Ehsan at the address of Lot 74746, Persiaran Subang Permau, USJ 1, Subang Jaya, Selangor Darul Ehsan for a leasing tenure of 12 years commencing from the lease commencement date in June 2022.

The Agreement is subject to the approval of the shareholders of the Company and SEGI at their respective extraordinary general meetings to be held on a date to be determined.

B8. Borrowings and Debt Securities

Details of Group's borrowings are as follows:

	As at 30 June 2020			As at 31 December 2019		
	Long term	Short term	Total	Long term	Short term	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>						
Term loans	232,210	13,030	245,240	197,485	18,903	216,388
Revolving credit	-	10,000	10,000	-	10,000	10,000
Lease liabilities	1,255	1,071	2,326	1,439	1,879	3,318
	<u>233,465</u>	<u>24,101</u>	<u>257,566</u>	<u>198,924</u>	<u>30,782</u>	<u>229,706</u>

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

The increase mainly due to the drawdown of term loans amounted of RM15.7 million for funding to project progress billings in current quarter.

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)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**QUARTER ENDED 30 JUNE 2020****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B11. Basic earning per Ordinary share**

	Current Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Profit after taxation attributable to ordinary Pro/equity owners of the parent (RM'000)	557	2,298	1,617	2,504
Weighted average number of ordinary shares in issue ('000)	423,862	421,417	423,862	421,417
Basic earning per share (sen)	0.13	0.55	0.38	0.59
Profit/(Loss) after taxation attributable to ordinary equity owners of the parent (RM'000)	557	2,298	1,617	2,504
Weighted average number of ordinary shares in issue ('000)	423,862	421,417	423,862	421,417
Shares deemed to issued for no consideration ('000) - warrants	44,411	48,790	44,411	48,790
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	468,273	470,207	468,273	470,207
Diluted earning per share (sen)	0.12	0.49	0.35	0.53

B12. Auditors' report on preceding annual financial statement

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

B13. Profit Before Taxation

	Current Quarter		Cumulative Quarter	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
This is arrived at after charging/(crediting):				
Interest income	(2)	(37)	(40)	(72)
Interest expense	2,535	1,139	4,615	2,447
Amortisation of intangible assets	8	12	10	12
Depreciation of property, plant and equipment	48	385	47	197
Depreciation of right of use assets	362	-	362	-
Loss on disposal of subsidiary	393	-	393	-

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2020 30/06/2020 RM'000	PRECEDING YEAR CORR. QTR FYE2019 30/06/2019 RM'000	CURRENT YEAR TO DATE FYE2020 30/06/2020 RM'000	PRECEDING YEAR CORRESPONDING FYE2019 30/06/2019 RM'000
1 Revenue	14,293	14,408	31,734	20,700
2 Profit before tax	2,305	2,371	3,912	2,497
3 Profit for the period	1,078	2,324	2,133	2,403
4 Profit attributable to ordinary equity	557	2,298	1,617	2,504
5 Basic earning per share (sen)	0.13	0.55	0.38	0.59
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)			0.48	0.49

PART A3 : ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2020 30/06/2020 RM'000	PRECEDING YEAR CORR. QTR FYE2019 30/06/2019 RM'000	CURRENT YEAR TO DATE FYE2020 30/06/2020 RM'000	PRECEDING YEAR CORRESPONDING FYE2019 30/06/2019 RM'000
1 Gross interest income	2	35	40	72
2 Gross interest expense	2,535	1,307	4,615	2,447