



HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

PART A

1. Basis of Preparation

The interim financial report is unaudited and has been prepared and presented in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements. The interim financial report does not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2019.

2. Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2019 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2020:

Amendments to MFRS 3	:	Business Combinations – <i>Definition of a Business</i>
Amendments to MFRS 4	:	Insurance Contracts - <i>Extension of the Temporary Exemption from applying MFRS 9 Financial Instruments</i>
Amendments to MFRS 7	:	Financial Instruments: Disclosures – <i>Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)</i>
Amendments to MFRS 7	:	Financial Instruments: Disclosures – <i>Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>
Amendments to MFRS 16	:	Leases – <i>COVID-19 – Related Rent Concessions</i>
Amendments to MFRS 101	:	Presentation of Financial Statements – <i>Definition of Material</i>
Amendments to MFRS 101	:	Presentation of Financial Statements – <i>Classifications of Liabilities as Current or Non-current - Deferral of Effective Date</i>
Amendments to MFRS 108	:	Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition of Material</i>
MFRS 7	:	Financial Instruments – <i>Disclosure</i>
MFRS 16	:	Leases – <i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to MFRS 9	:	Financial Instruments
Amendments to MFRS 139	:	Financial Instruments – <i>Recognition and Measurement - Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)</i>
Amendments to MFRS 139	:	Financial Instruments – <i>Recognition and Measurement - Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>

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

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



PART A (continued)

2 Significant Accounting Policies (continued)

	Effective date
Amendments to MFRS 3 : Business Combinations – <i>Reference to the Conceptual Framework</i>	01 January 2022
Amendments to MFRS 116 : Property, Plant and Equipment – <i>Proceeds before Intended Use</i>	01 January 2022
Amendments to MFRS 137 : Provisions, Contingent Liabilities and Contingent Assets – <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	
- Amendment to MFRS 1 First Time Adoption of Malaysia Financial Reporting Standards	01 January 2022
- Amendments to MFRS 9 Financial Instruments	01 January 2022
- Amendments to MFRS 141 Agriculture	01 January 2022
MFRS 17 : Insurance Contracts	01 January 2023
Amendments to MFRS 101 : Presentation of Financial Statements – <i>Classifications of Liabilities as Current or Non-current</i>	01 January 2023
Amendments to MFRS 17 : Insurance Contracts	01 January 2023
Amendments to MFRS 10 and MFRS 128 : Consolidated Financial Statements and Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	The effective date of these Standards have been deferred, and yet to be announced by MASB.

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

3. Qualification of Financial Statements

There has not been any qualification made by the auditors on the audited financial statements of the Group for the year ended 31 December 2019.

4. Seasonality or Cyclicity of Operations

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



PART A (continued)

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

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

6. Material Change in Estimates

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

7. Issuance and Repayment of Debt and Equity Securities

(a) Private Placement of Shares

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

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

Allotment Date	Listing and Quotation Date	No. of ESOS Exercised Units	No. of Ordinary Shares Issued Units	Exercise Price RM	Total Proceeds RM	Transfer of ESOS Reserve to Share Capital RM
08/05/2020	13/05/2020	1,250,000	1,250,000	0.1220	152,500	130,750
14/05/2020	18/05/2020	1,500,000	1,500,000	0.1220	183,000	156,900
12/06/2020	15/06/2020	2,812,500	2,812,500	0.2200	618,750	588,375
15/06/2020	17/06/2020	1,032,500	1,032,500	0.1220	125,965	108,000
30/06/2020	02/07/2020	2,541,500	2,541,500	0.1220	310,063	265,841
15/07/2020	17/07/2020	803,200	803,200	0.1220	97,990	84,015
17/07/2020	20/07/2020	163,750	163,750	0.2200	36,025	34,257
29/07/2020	03/08/2020	1,180,400	1,180,400	0.1220	144,009	123,470
30/07/2020	04/08/2020	3,146,625	3,146,625	0.2200	692,258	658,274
26/08/2020	28/08/2020	1,616,025	1,616,025	0.2200	355,525	338,072
27/08/2020	01/09/2020	152,400	152,400	0.1220	18,593	15,941
28/09/2020	30/09/2020	80,075	80,075	0.2200	17,616	16,752
29/09/2020	01/10/2020	40,300	40,300	0.1220	4,917	4,215
16/10/2020	20/10/2020	20,276	20,276	0.2200	4,461	4,242
19/10/2020	21/10/2020	100	100	0.1220	12	10
Balance carried forward		16,339,651	16,339,651		2,761,684	2,529,114



PART A (continued)

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

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

Allotment Date	Listing and Quotation Date	No. of ESOS Exercised Units	No. of Ordinary Shares Issued Units	Exercise Price RM	Total Proceeds RM	Transfer of ESOS Reserve to Share Capital RM
Balance brought forward		16,339,651	16,339,651		2,761,684	2,529,114
15/12/2020	18/12/2020	200,000	200,000	0.2200	44,000	41,840
17/12/2020	21/12/2020	183,000	183,000	0.6200	113,460	106,598
As at 31/12/2020		16,722,651	16,722,651		2,919,144	2,677,552
15/01/2021	19/01/2021	45,000	45,000	0.2200	9,900	9,414
18/01/2021	20/01/2021	200,000	200,000	0.1220	24,400	20,920
As at LPD*		16,967,651	16,967,651		2,953,444	2,707,886

* Latest practical date being 18 February 2021

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

Allotment Date	Listing and Quotation Date	No. of Warrants Exercised Units	No. of new Ordinary Shares Issued Units	Exercise Price RM	Total Proceeds RM	Transfer of Warrant Reserve to Share Capital RM
12/08/2020	14/08/2020	4,000	4,000	0.3200	1,280	480
28/08/2020	01/09/2020	50,000	50,000	0.3200	16,000	6,000
04/09/2020	07/09/2020	200,000	200,000	0.3200	64,000	24,000
09/09/2020	11/09/2020	3,867,160	3,867,160	0.3200	1,237,491	464,059
15/09/2020	18/09/2020	19,600	19,600	0.3200	6,272	2,352
23/09/2020	25/09/2020	530,000	530,000	0.3200	169,600	63,600
21/10/2020	23/10/2020	2,000	2,000	0.3200	640	240
As at 31/12/2020		4,672,760	4,672,760		1,495,283	560,731
12/01/2021	14/01/2021	200,000	200,000	0.3200	64,000	24,000
20/01/2021	22/01/2021	80,000	80,000	0.3200	25,600	9,600
25/01/2021	27/01/2021	45,000	45,000	0.3200	14,400	5,400
05/02/2021	09/02/2021	347,000	347,000	0.3200	111,040	41,640
10/02/2021	11/02/2021	2,341,000	2,341,000	0.3200	749,120	280,920
16/02/2021	17/02/2021	7,932,400	7,932,400	0.3200	2,538,368	951,888
As at LPD*		15,618,160	15,618,160		4,997,811	1,874,179

* Latest practical date being 18 February 2021

8. Dividends Paid

No dividend was paid in the current quarter under review.



PART A (continued)

9. The Status of Corporate Proposals (continued)

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

On **10 June 2020**, the Company through its adviser, M&A Securities Sdn Bhd (“M&A Securities”) announced that it wishes to undertake the followings:

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

The Proposed Debt Settlements will be inter-conditional upon each other whilst the Proposed Debt Settlements is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

On **03 September 2020**, the Company through its adviser, M&A Securities had announced that the Company had on the same date mutually agreed with HWGH and the other investors respectively, to terminate the Subscription Agreements.

As such, the Company will not be proceeding with the Proposed Placement of ICPS and the Proposed Amendments. The Proposed Debt Settlements will remain unchanged.

On **09 September 2020**, the Board of Directors of the Company had announced that they have on the same date appointed Mainstreet Advisers Sdn Bhd (“Mainstreet”) as the independent adviser to advise the non-interested directors and shareholders of the Company, on the fairness and reasonableness of the Proposed Debt Settlement which is in accordance with Notes (3) and (4) of paragraph 18.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by Securities Commission (“Rules”).

On **06 October 2020**, the Company through its adviser, M&A Securities had announced that, after due consideration, the Board has resolved to revise the inter-conditional of the Proposed Debt Settlement.

The two (2) components of the Proposed Debt Settlement, namely Proposed HWGH Debt Settlement and Proposed PKIL Debt Settlement will not be inter-conditional upon each other and the Proposed Debt Settlement is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.



PART A (continued)

9. The Status of Corporate Proposals (continued)

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

Further, in view that the Proposed HWGH Debt Settlement and Proposed PKIL Debt Settlement will not be inter-conditional upon each other, the Board has clarified that the scope of MainStreet, the independent adviser appointed pursuant to Rule 18 of the Rules shall be as follows:

- (i) Comment on whether the Proposed HWGH Debt Settlement are fair and reasonable insofar as the non-interested Directors and shareholders of HWGB are concerned pursuant to Rule 18 of the Rules;
- (ii) Comment on whether the Proposed HWGH Debt Settlement are detrimental to the non-interested directors and shareholders of HWGB; and
- (iii) Advise the non-interested shareholders of HWGB whether they should vote in favour of the resolution pertaining to the Proposed HWGH Debt Settlement at the EGM.

Save for the above, the rest of the terms of the Proposed Debt Settlement shall remain unchanged.

On **27 November 2020**, the Company through its adviser, M&A Securities had announced that the Company had on the same date mutually agreed with HWGH and PKIL to terminate the Proposed Debt Settlements.

On **02 December 2020**, the Company through its adviser, M&A Securities had announced to clarify that the Proposed Debt Settlements were terminated as the Company is currently reviewing its overall corporate funding plan (including the Proposed Debt Settlements) after taking into account the prevailing market conditions. The termination of such was mutually agreed between the Company and HWGH and PKIL without recourse to any parties.

(b) ESOS Schemes

(i) Third Batch of ESOS Offered

On **14 October 2020**, the Company had announced that it had on the same date offered a total of 22,599,000 share options at the option price of RM0.6200 to eligible employees of the Company and of the Group in accordance with the Company’s ESOS By-Laws. Details of the offer of share options are as follows:

Date of the Offer of the Option	14 October 2020
Number of Option offered	22,599,000
Exercise price of Option offered	RM0.6200
Closing price of HWGB’s on the date of offer	RM0.7600
Number of Option offered to the Company’s Directors under the ESOS	Nil
Vesting period of the Option offered	N/A



PART A (continued)

9. The Status of Corporate Proposals (continued)

(b) ESOS Schemes (continued)

(ii) Fourth Batch of ESOS Offered

On **20 January 2021**, the Company had announced that it had on the same date offered a total of 11,000,000 share options at the option price of RM0.5500 to eligible employees of the Company and of the Group in accordance with the Company's ESOS By-Laws. Details of the offer of share options are as follows:

Date of the Offer of the Option	20 January 2021
Number of Option offered	11,000,000
Exercise price of Option offered	RM0.5500
Closing price of HWGB's on the date of offer	RM0.6150
Number of Option offered to the Company's Directors under the ESOS	
- Dato' Lim Ooi Hong	3,000,000
- Mr. Lim Wee Kiat	2,500,000
- Dato' Lim Hui Boon (Group President)	3,000,000
Vesting period of the Option offered	N/A

(c) Proposed Private Placement of new ordinary shares in HWGB, representing up to 10% of the total number of issued shares in HWGB ("Proposed Private Placement")

On **12 January 2021**, the Company through its adviser, AmInvestment Bank Berhad ("AmInvestment Bank") had announced that the Company proposes to undertake a Proposed Private Placement of up to 10% of the issued share capital of the Company, involved in the issuance of up to 60,667,500 new ordinary shares ("Placement Shares") in HWGB ("Proposed Private Placement").

On **13 January 2021**, the Company through its adviser, AmInvestment Bank had announced that the Company had on the same date submitted an application to BMSB for the listing of and quotation for the Placement Shares on the Main Market of BMSB.

On **21 January 2021**, the Company through its adviser, AmInvestment Bank had announced that BMSB had via its letter dated 20 January 2021, approved the listing of and quotation of up to 60,667,500 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of BMSB subject to the following conditions:

- (i) HWGB and AmInvestment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements ("MMLR") including paragraph 6.03(1) of the MMLR, pertaining to the implementation of the Proposed Private Placement;
- (ii) HWGB and AmInvestment Bank to inform BMSB upon the completion of the Proposed Private Placement;



PART A (continued)

9. The Status of Corporate Proposals (continued)

- (c) **Proposed Private Placement of new ordinary shares in HWGB, representing up to 10% of the total number of issued shares in HWGB (“Proposed Private Placement”)** (continued)
- (iii) HWGB to furnish BMSB with a written confirmation of its compliance with the terms and conditions of BMSB’s approval once the Proposed Private Placement is completed;
 - (iv) HWGB must submit to BMSB details of the places in accordance with paragraph 6.15 of the MMLR as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement; and
 - (v) In the event the Proposed Private Placement is not completed before the next Annual General Meeting (“AGM”), HWGB to furnish a certified true copy of the resolution passed by HWGB’s shareholders for a general mandate under Sections 75 and 76 of the Companies Act, 2016 at HWGB’s forthcoming AGM.

On **29 January 2021**, the Company through its adviser, AmInvestment Bank had announced that the Company had on the same date fixed the issue price for the first tranche of the Placement Shares at RM0.5600 per Placement Share (“Issue Price”).

The Issue Price represents a discount of approximately RM0.0578 or 9.36% to the five (5)-day weighted average market price of HWGB shares up to and including 27 January 2021 of RM0.6178 per HWGB share.

The first tranche of the Placement Shares of 17,858,000 were listed and quoted on **09 February 2021**. A total of RM10,000,480 was raised for working capital purpose.

The proceeds of RM10,000,480 received have not been utilised yet as at latest practical date of 18 February 2021.



PART A (continued)

10. Segmental Reporting

During the financial period, the Company diversified and ventured into a new segment, the Healthcare Division which consist of HWGB Biotech Sdn Bhd (formerly known as HWG Consortium Sdn Bhd), D'Viria Nano Tech Sdn Bhd (formerly known as Rex Oriental Sdn Bhd), Astramern Sdn Bhd (formerly known as Astramune Sdn Bhd) and HWGB Medical Devices & Supplies Sdn Bhd (formerly known as HWG Duty Free Sdn Bhd). Except for HWGB Medical Devices & Supplies Sdn Bhd which is 70% owned, the rest of the above mentioned companies are wholly owned by HWGB.

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

Analysis of the Group's segmental revenue, results, assets and liabilities for business segments for the financial period ended 31 December 2020 are as follows:



PART A (continued)

10. Segmental Reporting (continued)

Current period 12 months ended 31 December 2020	Investments RM'000	Moulded Power Supply Cords Sets RM'000	Healthcare RM'000	Travelling Services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Segmental revenue by strategic/functional division units							
External revenue	89	287,311	159	502	288,061	-	288,061
Inter-segment revenue	18	-	-	8	26	(26)	-
	<u>107</u>	<u>287,311</u>	<u>159</u>	<u>510</u>	<u>288,087</u>	<u>(26)</u>	<u>288,061</u>
Segmental revenue by regions							
Malaysia	107	-	159	510	776	(26)	750
The rest of Asia	-	28,026	-	-	28,026	-	28,026
North America	-	259,285	-	-	259,285	-	259,285
	<u>107</u>	<u>287,311</u>	<u>159</u>	<u>510</u>	<u>288,087</u>	<u>(26)</u>	<u>288,061</u>
Results							
(Loss)/Profit from operations before share options expenses	(13,144)	9,243	(1,771)	(224)	(5,896)	(28)	(5,924)
Share options expenses	(3,387)	(8,495)	-	(1,214)	(13,096)	-	(13,096)
Loss from operations	<u>(16,531)</u>	<u>748</u>	<u>(1,771)</u>	<u>(1,438)</u>	<u>(18,992)</u>	<u>(28)</u>	<u>(19,020)</u>
Finance income	18	6	-	-	24	-	24
Finance costs	(800)	(1,174)	-	-	(1,974)	-	(1,974)
Loss before income tax expense	<u>(17,313)</u>	<u>(420)</u>	<u>(1,771)</u>	<u>(1,438)</u>	<u>(20,942)</u>	<u>(28)</u>	<u>(20,970)</u>
Income tax expense	141	(1,843)	-	-	(1,702)	244	(1,458)
Net loss for the period	<u>(17,172)</u>	<u>(2,263)</u>	<u>(1,771)</u>	<u>(1,438)</u>	<u>(22,644)</u>	<u>216</u>	<u>(22,428)</u>
Non-controlling interest	2	-	28	1	31	-	31
Net loss attributable to owners of the Company	<u>(17,170)</u>	<u>(2,263)</u>	<u>(1,743)</u>	<u>(1,437)</u>	<u>(22,613)</u>	<u>216</u>	<u>(22,397)</u>
Assets and liabilities as at 31 December 2020							
Segment assets - Consolidated total assets	129,752	100,618	10,063	1,276	241,709	(96,924)	144,785
Segment liabilities - Consolidated total liabilities	44,338	75,857	11,263	317	131,775	(27,449)	104,326
Segmental non-current assets by regions as at 31 December 2020							
Malaysia	89,657	-	149	41	89,847	(77,351)	12,496
The rest of Asia	-	20,719	-	-	20,719	9,562	30,281
	<u>89,657</u>	<u>20,719</u>	<u>149</u>	<u>41</u>	<u>110,566</u>	<u>(67,789)</u>	<u>42,777</u>



PART A (continued)

10. Segmental Reporting (continued)

Preceding year's 12 months period ended 31 December 2019	Investments RM'000	Moulded Power Supply Cord Sets RM'000	Travelling Services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Segmental revenue by strategic/functional division units						
External revenue	203	175,667	5,100	180,970	-	180,970
Inter-segment revenue	24	-	46	70	(70)	-
	<u>227</u>	<u>175,667</u>	<u>5,146</u>	<u>181,040</u>	<u>(70)</u>	<u>180,970</u>
Segmental revenue by regions						
Malaysia	227	126	5,146	5,499	(70)	5,429
The rest of Asia	-	33,899	-	33,899	-	33,899
North America	-	141,642	-	141,642	-	141,642
	<u>227</u>	<u>175,667</u>	<u>5,146</u>	<u>181,040</u>	<u>(70)</u>	<u>180,970</u>
Results						
(Loss)/Profit from operations before share options expenses	(12,924)	7,306	(48)	(5,666)	1,388	(4,278)
Share options expenses	-	-	-	-	-	-
(Loss)/Profit from operations	<u>(12,924)</u>	<u>7,306</u>	<u>(48)</u>	<u>(5,666)</u>	<u>1,388</u>	<u>(4,278)</u>
Finance income	313	5	5	323	-	323
Finance costs	(793)	(1,102)	-	(1,895)	-	(1,895)
(Loss)/Profit before income tax expense	<u>(13,404)</u>	<u>6,209</u>	<u>(43)</u>	<u>(7,238)</u>	<u>1,388</u>	<u>(5,850)</u>
Income tax expense	110	(1,342)	-	(1,232)	65	(1,167)
Net (loss)/profit for the year	<u>(13,294)</u>	<u>4,867</u>	<u>(43)</u>	<u>(8,470)</u>	<u>1,453</u>	<u>(7,017)</u>
Non-controlling interest	-	-	-	-	-	-
Net (loss)/profit attributable to owners of the Company	<u>(13,294)</u>	<u>4,867</u>	<u>(43)</u>	<u>(8,470)</u>	<u>1,453</u>	<u>(7,017)</u>
Assets and liabilities as at 31 December 2019						
Segmental assets - Consolidated total assets	119,464	81,485	1,789	202,738	(107,493)	95,245
Segmental liabilities - Consolidated total liabilities	37,988	62,526	606	101,120	(39,164)	61,956
Segmental non-current assets by regions as at 31 December 2019						
Malaysia	80,526	-	47	80,573	(69,976)	10,597
The rest of Asia	-	22,062	-	22,062	1,368	23,430
	<u>80,526</u>	<u>22,062</u>	<u>47</u>	<u>102,635</u>	<u>(68,608)</u>	<u>34,027</u>



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

PART A (continued)

10. Segmental Reporting (continued)

	As previously stated		Reclassification Adjustments		As restated	
	Investments RM'000	Wires and Cables RM'000	Investments RM'000	Wires and Cables RM'000	Investments RM'000	Wires and Cables RM'000
Preceding year's 12 months period ended 31 December 2019						
Segmental revenue by strategic/functional division units						
External revenue	203	-	203	-	203	-
Inter-segment revenue	24	-	24	-	24	-
	<u>227</u>	<u>-</u>	<u>227</u>	<u>-</u>	<u>227</u>	<u>-</u>
Segmental revenue by regions						
Malaysia	227	-	227	-	227	-
The rest of Asia	-	-	-	-	-	-
North America	-	-	-	-	-	-
	<u>227</u>	<u>-</u>	<u>227</u>	<u>-</u>	<u>227</u>	<u>-</u>
Results						
(Loss)/Profit from operations before share options expenses	(12,773)	(151)	(151)	151	(12,924)	-
Share options expenses	-	-	-	-	-	-
Loss from operations	<u>(12,773)</u>	<u>(151)</u>	<u>(151)</u>	<u>151</u>	<u>(12,924)</u>	<u>-</u>
Finance income	313	-	-	-	313	-
Finance costs	(603)	(190)	(190)	190	(793)	-
Loss before income tax expense	<u>(13,063)</u>	<u>(341)</u>	<u>(341)</u>	<u>341</u>	<u>(13,404)</u>	<u>-</u>
Income tax expense	110	-	-	-	110	-
Net loss for the year	<u>(12,953)</u>	<u>(341)</u>	<u>(341)</u>	<u>341</u>	<u>(13,294)</u>	<u>-</u>
Non-controlling interest	-	-	-	-	-	-
Net loss attributable to owners of the Company	<u>(12,953)</u>	<u>(341)</u>	<u>(341)</u>	<u>341</u>	<u>(13,294)</u>	<u>-</u>
Assets and liabilities as at 31 December 2019						
Segmental assets - Consolidated total assets	97,874	21,590	21,590	(21,590)	119,464	-
Segmental liabilities - Consolidated total liabilities	27,144	10,844	10,844	(10,844)	37,988	-
Segmental non-current assets by regions as at 31 December 2019						
Malaysia	80,507	19	19	(19)	80,526	-
The rest of Asia	-	-	-	-	-	-
	<u>80,507</u>	<u>19</u>	<u>19</u>	<u>(19)</u>	<u>80,526</u>	<u>-</u>



PART A (continued)

11. Valuations of Property, Plant and Equipment

The Group adopted the revaluation method to measure its entire class of buildings. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

For the financial period ended 31 December 2020, the net fair value gain arising from the revaluation of buildings amounting to RM8.27 million was recognised.

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

There were no material events subsequent to the end of the interim period.

13. Changes in the Composition of the Group

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

14. Contingent Liabilities and Contingent Assets

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

15. Capital Commitments

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



PART B
ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

1. Group's Financial Performance Review And Segmental Analysis

Summary of Statement of Comprehensive Income of the Group

	Individual Quarter (4th Quarter)				Cumulative Quarters (Year to-date)			
	Current Year Quarter 3 Months 01/10/2020 to 31/12/2020 RM'000	Preceding Year Corresponding Quarter 3 Months 01/10/2019 to 31/12/2019 RM'000	Changes RM'000	%	Current Year todate 12 Months 01/01/2020 to 31/12/2020 RM'000	Preceding Year Corresponding Period 12 Months 01/01/2019 to 31/12/2019 RM'000	Changes RM'000	%
Revenue	90,527	34,378	56,149	163.3	288,061	180,970	107,091	59.2
Loss from operations	(20,393)	(5,513)	(14,880)	-269.9	(19,020)	(4,278)	(14,742)	-344.6
Loss before interest and taxation	(20,393)	(5,513)	(14,880)	-269.9	(19,020)	(4,278)	(14,742)	-344.6
Loss before taxation	(21,227)	(5,599)	(15,628)	-279.1	(20,970)	(5,850)	(15,120)	-258.5
Loss after taxation	(20,944)	(5,111)	(15,833)	-309.8	(22,428)	(7,017)	(15,411)	-219.6
Loss attributable to owners of the Company	(20,924)	(5,111)	(15,813)	-309.4	(22,397)	(7,017)	(15,380)	-219.2



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

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

A. Overall Review of Group’s Financial Performance

The higher revenue of RM288.06 million (2019: RM180.97 million) recorded for the financial period ended 31 December 2020 was mainly due to higher sales of USD68.35 million as compared to USD42.38 million from the Moulded Power Supply Cord Sets Division in Indonesia due to higher demand from existing and new customers. The weakening of RM against the USD also increased the Group’s revenue which is denominated in RM. The average exchange rate used for the financial period ended 31 December 2020 was RM4.2034/USD (2019: RM4.1453/USD).

The higher loss before taxation of RM20.97 million (2019: RM5.85 million) in the current financial period were due to the followings:

- (i) Loss before taxation of RM0.42 million (2019: profit before taxation of RM6.21 million) from the Moulded Power Supply Cord Sets Division due to the fair value of ESOS expenses granted and accepted by employees of the Moulded Power Supply Cords Sets Division of RM8.50 million (2019: RM nil)
- (ii) Higher loss before taxation of RM17.31 million (2019: RM13.40 million) from the Investment Division due to the fair value of ESOS expenses granted and accepted by employees of the Company of RM3.39 million (2019: RM nil) and allowance for expected credit loss of RM4.23 million (2019: RM4.04 million).
- (iii) Higher loss before taxation of RM1.44 million (2019: RM0.04 million) from the Travelling Services Division due to the fair value of ESOS expenses granted and accepted by employees of the Travel Services Division of RM1.21 million (2019: RM nil) and the lower revenue generated; and
- (iv) The loss before taxation of RM1.77 million (2019: RM nil) incurred by the newly ventured Healthcare Division.

B. Summary of Statement of Financial Positions of the Group

	Unaudited 31/12/2020 RM’000	Audited 31/12/2019 RM’000	Changes RM’000	%
Non-current assets	42,777	34,027	8,750	25.7
Current assets	102,009	61,218	40,791	66.6
Current liabilities	(89,455)	(49,510)	39,945	80.7
Non-current liabilities	(14,871)	(12,446)	2,425	19.5
Equity attributable to owner of the Company	(40,204)	(33,283)	6,921	20.8
Non-controlling interest	(255)	(6)	249	>1,000.0
Total equity	(40,459)	(33,289)	7,170	21.5

Figures in bracket denotes credit balances



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

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

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

The increase of RM8.75 million or 25.7% in non-current assets were due to the followings:

- (i) Purchase of plant and equipment of RM2.29 million;
- (ii) Surplus on revaluation of the Group’s buildings of RM8.27 million, after deducting deferred taxation liabilities of RM2.61 million;
- (iii) RM0.55 million decrease in carrying amount on consolidation of a foreign subsidiary due to weakening of RM against USD at 31 December 2020; and
- (iv) Depreciation charged on property, plant and equipment and right of use assets of RM3.84 million.

The increase of RM40.79 million or 66.6% in current assets were mainly due to the followings:

- (i) Increase in inventories of RM17.93 million to cater for the sales of the Moulded Power Supply Cord Sets Division and the inventories for the Healthcare Division;
- (ii) Increase in trade receivables of RM2.07 million from the higher sales in the current quarter;
- (iii) Increase in other receivables of RM7.94 million due to advanced payments made for the purchase of raw materials and healthcare merchandise and the prepayment made for joint venture of operations with E-MO Biology Inc;
- (iv) Increase in cash and bank balances of RM16.82 million mainly the proceeds from the issuance of new ordinary shares from private placement, exercise of ESOS and warrants and advances from a related party company; and
- (v) Decrease in amount due from an associate of RM3.97 million after making an allowance of expected credit loss.

The increase of RM39.95 million or 80.7% in current liabilities were mainly due to the followings:

- (i) Increase in trade payables of RM7.77 million for the purchase of inventories by the Moulded Power Supply Cord Sets Division;
- (ii) Increase in other payables of RM22.38 million mainly from advances received;
- (iii) Net increase in trade finance borrowings of RM9.11 million to purchase raw materials;
- (iv) Increase in tax payable of RM0.62 million from a foreign subsidiary.

The increase in non-current liabilities of RM2.43 million or 19.5% were mainly due to the followings:

- (i) Increase in retirement benefits obligation of RM0.17 million for a foreign subsidiary;
- (ii) Increase in deferred taxation of RM2.25 million;
- (ii) Net increase in lease liabilities of RM0.19 million from the purchase of a new leased plant and equipment.

The increase was reduced by the repayment of long-term borrowings of RM0.18 million.



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

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

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

The increase in “equity attributable to owner of the Company” of RM6.92 million or 20.8% were due to the followings:

- (i) RM4.23 million from the issuance of 45,973,800 new ordinary shares of the Company pursuant to Private Placement of new ordinary shares at an issue price of RM0.0920 per placement share;
- (ii) RM2.92 million from the issuance of 16,722,651 new ordinary shares of the Company pursuant to exercise of ESOS as stated in Note 7 (b) above;
- (iii) RM1.50 million from the issuance of 4,672,760 new ordinary shares of the Company pursuant to the exercise of Warrants 2016/2021 as stated in Noted 7 (c) above;
- (iv) Additional fair value of ESOS reserve of RM13.10 million allocated for Third Batch of ESOS; and
- (v) The total comprehensive loss for the period attributable to the owners of the Company of RM14.85 million.

The increase in non-controlling interest (“NCI”) from RM6,000 to RM255,000 were due to dilution of shareholdings by the Company from the disposal of 30% shareholdings in a subsidiary to NCI for RM300,000 and NCI’s share of losses in subsidiaries not wholly owned by the Company.

The increase in “total equity” of RM7.17 million or 21.5% were due to similar reasons stated in the increased in equity attributable to owner of the Company and the increase in NCI above.

C. Summary of Statement of Cash Flows of the Group

	Unaudited 12 Months 01/01/2020 to 31/12/2020 RM’000	Audited 12 Months 01/01/2019 to 31/12/2019 RM’000	Changes RM’000	%
Net cash from operating activities	758	9,738	(8,980)	-92.2
Net cash used in investing activities	(1,985)	(3,870)	1,885	48.7
Net cash from/(used in) financing activities	18,494	(2,429)	20,923	861.4
Exchange differences	(564)	119	(683)	-573.9
Net increase in cash and cash equivalent	<u>16,815</u>	<u>3,558</u>	<u>13,257</u>	<u>372.6</u>

The “net cash from operating activities” for the financial period ended 31 December 2020 was RM0.76 million as compared to RM9.74 million for the financial year ended 31 December 2019. The “net cash from operating activities” were due to the followings:

- (i) Net cash from “operating profit before working capital changes” of RM1.12 million after deducting the net interest paid RM1.95 million;
- (ii) Increase in inventories of RM19.39 million to cater for the sales of the Moulded Power Supply Cord Sets Division and the inventories for the Healthcare Division;



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

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

C. Summary of Statement of Cash Flows of the Group (continued)

- (iii) Increase in trade and other payables of RM30.76 million for the purchase of inventories and advances received;
- (iv) Payment of income tax of RM1.02 million and retirement benefits of RM0.07 million; and
- (v) Increase in trade and other receivables of RM10.62 million from the higher sales in the current quarter and advance payment to purchase merchandise.

The “net cash used in investing activities” of RM1.99 million were due to the purchase of plant and equipment of RM2.29 million and proceeds received from disposal of 30% shareholdings in a subsidiary for RM0.30 million cash.

The “net cash from financing activities” of RM18.49 million for the financial period ended 31 December 2020 were mainly from the net drawdown of trade financing facilities of RM9.77 million, proceeds from issuance of new ordinary shares of RM8.64 million for working capital purpose, drawdown of RM0.40 million hire purchase facility to partial finance the purchase of plant and equipment and deducting the repayment of term loans of RM0.17 million and lease liabilities of RM0.13 million.

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

Summary of revenue by regions	Cumulative Quarters			
	12 Months	12 Months		
	01/01/2020	01/01/2019		
	to	to	Changes	
31/12/2020	31/12/2019	USD’000	%	
	USD’000	USD’000	USD’000	
Sales to external parties				
North America	61,685	34,170	27,515	80.5
The rest of Asia	6,667	8,208	(1,541)	-18.8
	<u>68,352</u>	<u>42,378</u>	<u>25,974</u>	<u>61.3</u>

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

The sales to North America increased by USD27.52 million or 80.5% compared to the financial year ended 31 December 2019. The increase was mainly due to higher demand from the existing and new customers.

The sales to “the rest of Asia” was USD6.67 million, a decrease of USD1.54 million or 18.8% compared to the preceding year’s corresponding period. This was due to lower purchase orders from existing customers.



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

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

D. Segmental Analysis (continued)

I. Moulded Power Supply Cord Sets Division (continued)

Summary of results	Cumulative Quarter			
	12 Months 01/01/2020 to 31/12/2020 USD’000	12 Months 01/01/2019 to 31/12/2019 USD’000	Changes USD’000 %	
Revenue	68,352	42,378	25,974	61.3
Operating profit	84	1,762	(1,678)	-95.2
Profit before interest and taxation	84	1,762	(1,678)	-95.2
(Loss)/Profit before taxation	(194)	1,498	(1,692)	-113.0
(Loss)/Profit after taxation	(632)	1,174	(1,806)	-153.8
(Loss)/Profit attributable to owner of the Company	(632)	1,174	(1,806)	-153.8

The loss before taxation of USD0.19 million (2019: profit before taxation USD1.50 million) for the financial period ended 31 December 2020 were mainly due to the fair value of share option expenses of USD2.11 million (2019: USD nil) granted and accepted by the employees the Moulded Power Supply Cord Sets Division.

II. Healthcare Division

Revenue for this newly set-up division was at RM0.16 million (2019: RM nil) for the current financial period ended 31 December 2020.

The Healthcare Division incurred a loss before taxation of RM1.77 million (2019: RM nil). The losses incurred were mainly due to low revenue and initial operating expenses incurred to set up the division onto full operation scale.

III. Travel Services Division

Summary of revenue by products	Cumulative Quarter			
	12 Months 01/01/2020 to 31/12/2020 RM’000	12 Months 01/01/2019 to 31/12/2019 RM’000	Changes RM’000 %	
Sales to external parties				
Tour packages	335	2,794	(2,459)	-88.0
Cruise tour	6	359	(353)	-98.3
Hotel booking	48	283	(235)	-83.0
Air tickets	102	1,576	(1,466)	-93.0
Other tour related services	11	88	(77)	-87.5
	502	5,100	(4,598)	-90.2
Sales within HWGB Group				
Air tickets	8	46	(38)	-82.6
	510	5,146	(4,636)	-90.1



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

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

D. Segmental Analysis (continued)

III. Travel Services Division (continued)

The Travel Services Division recorded a lower revenue of RM0.51 million (2019: RM5.15 million) for the financial period ended 31 December 2020 due to cancellation of bookings caused by the outbreak of the COVID-19 pandemic and unable to carry out its business operations due to the implementation of Movements Control Order (“MCO”) by the Malaysian Government as tourism industry is not categorised as essential industry.

The Travel Services Division recorded a loss before taxation of RM1.44 million (2019: RM0.04 million). The higher loss before taxation in the current financial period was mainly due to lower revenue generated and the fair value of share options expenses of RM1.21 million (2019: RM nil) granted and accepted by the employees of the Travel Services Division.

:

IV. Investment Division

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

At Company level, the Company recorded a higher loss before taxation of RM16.85 million (2019: RM12.93 million). The higher loss before taxation in the current financial period were mainly due to the followings:

- (i) Fair value of share options expenses of RM3.39 million (2019: RM nil) granted and accepted by the Company’s employees;
- (ii) Allowance for expected credit loss due from an associate and other receivables of RM3.96 million (2019: RM4.00 million) and RM0.27 million (2019: RM0.04 million) respectively,
- (iii) Impairment losses on investment in subsidiaries of RM0.50 million (2019: RM0.47 million);
- (iv) Corporate proposal expenses of RM0.68 million (2019: RM0.31 million) incurred; and
- (v) Net finance costs of RM0.65 million (2019: RM0.29 million).

In the opinion of the Directors, other than those disclosed above, the results for the current financial period ended 31 December 2020 have not been affected by any transactions or events of a material or unusual nature which have arisen from 31 December 2020 to the date of issue of this quarterly report.



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

2. Comparison of Current Period’s Quarter Against Preceding Year’s Corresponding Quarter’s Result (Individual 4th Quarter 2020 vs Individual 4th Quarter 2019)

The Group recorded higher revenue of RM90.53 million (4Q 2019: RM34.38 million) an increase of RM56.15 million or 163.3%. The higher revenue of USD21.88 million (4Q 2019: USD7.80 million) recorded in the current quarter was due to higher demand from existing and new customers of the Moulded Power Supply Cord Sets Division.

The Group incurred a loss before taxation of RM21.23 million as compared to a loss before taxation of RM5.60 million in 4Q 2019. The loss before taxation incurred were mainly due to the followings:

- (i) Loss before taxation of RM7.65 million (4Q 2019: profit before taxation of RM0.27 million) from the Moulded Power Supply Cord Sets Division due to the fair value of ESOS expenses of RM8.50 million (4Q 2019: RM nil) granted and accepted by the employees of the Moulded Power Supply Cords Sets Division.
- (ii) Initial losses of RM0.91 million (4Q 2019: RM nil) incurred to set up the Healthcare Division;
- (iii) Loss before taxation of RM11.44 million (4Q 2019: RM7.23 million) from the Company due to the fair value of ESOS expenses of RM3.39 million (4Q 2019: RM nil) granted and accepted by employees of the Company and allowance for expected credit loss of RM4.23 million (4Q 2019: RM4.04 million).
- (iv) Loss before taxation of RM1.44 million (4Q 2019: Profit before tax of RM0.02 million) from the Travel Services Division due to lower revenue generated and the fair value of ESOS expenses of RM1.21 million (4Q 2019: RM nil) granted and accepted by employees of the Travel Services Division.

3. Comparison of Current Quarter Against Preceding Quarter’s Results (Individual 4th Quarter 2020 vs Individual 3rd Quarter 2020)

The Group recorded a higher revenue of RM90.53 million (3Q 2020: RM96.09 million) a decrease of RM5.56 million or 5.8%. The lower revenue of USD21.88 million (3Q 2020: USD22.74 million) in the current quarter were due to the reason stated in “Part A Note 4” above.

The Group incurred a loss before taxation of RM21.23 million in the current quarter as compared to a profit before taxation of RM2,000 in the immediate preceding quarter. The loss before taxation recorded in the current quarter were due to the followings:

- (i) Loss before taxation of RM7.65 million (3Q 2020: profit before taxation of RM3.32 million) from the Moulded Power Supply Cord Sets Division due to the fair value of ESOS expenses of RM8.50 million (3Q 2020 RM nil) granted and accepted by employees of the Moulded Power Supply Cords Sets Division;
- (ii) Initial losses of RM0.91 million (3Q 2020: RM0.53 million) incurred to set up the Healthcare Division;



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

3. Comparison of Current Quarter Against Preceding Quarter’s Results (continued)
(Individual 4th Quarter 2020 vs Individual 3rd Quarter 2020)

- (iii) Loss before taxation of RM11.44 million (3Q 2020: RM2.70 million) from the Company due to the fair value of ESOS expenses of RM3.39 million (3Q 2020: RM nil) granted and accepted by employees of the Company and allowance for expected credit loss of RM4.23 million (3Q 2020 RM nil); and
- (iv) Loss before taxation of RM1.44 million (3Q 2020: profit before taxation RM0.07 million) from the Travel Services Division due to lower revenue generated and the fair value of ESOS expenses of RM1.21 million (3Q 2020: RM nil) granted and accepted by employees of the Travel Services Division.

4. Commentary on Prospects

The Board is of the opinion that business operations in Moulded Power Supply Cord Sets Division remain challenging in view of the intense competition in the US market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, high volatility of copper price and high working capital requirement.

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

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

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

The Group is expecting a challenging operating and financial performance for the financial period ending 30 April 2021.

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

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



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

5. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ending 30 April 2021.

6. Loss from operations

Loss from operations is derived at:

	Individual Quarter		Cumulative Quarter	
	3 Months 01/10/2020 to 31/12/2020 RM'000	3 Months 01/10/2019 to 31/12/2019 RM'000	12 Months 01/01/2020 to 31/12/2020 RM'000	12 Months 01/01/2019 to 31/12/2019 RM'000
After charging:				
Allowance for expected credit loss				
- Trade receivables	158	-	158	-
- Other receivables	265	44	265	44
- Amount due from an associate	3,965	4,000	3,965	4,000
Inventories written off	48	-	48	-
Retirement benefit obligations	33	211	452	583
Bad debts written off	-	-	-	34
Depreciation - Property, plant and equipment	1,098	880	3,713	3,376
Depreciation – Right of use assets	35	96	129	96
Expenses related to short term leases	55	6	73	39
Loss on disposal of plant and equipment	25	-	25	-
Loss on foreign exchange - Realised	428	(19)	439	154
Loss on foreign exchange - Unrealised	342	240	359	483
And crediting:				
Allowance for expected credit loss no longer required – Trade receivables	28	2	32	5
Gain on disposal of subsidiary	-	-	-	119
Rental income from premises	23	217	363	365
Gain on disposal of plant and equipment	-	13	-	41
Gain on foreign exchange - Realised	18	10	216	10
Gain on foreign exchange - Unrealised	(539)	(271)	92	43

7. Finance income

	Individual Quarter		Cumulative Quarter	
	3 Months 01/10/2020 to 31/12/2020 RM'000	3 Months 01/10/2019 to 31/12/2019 RM'000	12 Months 01/01/2020 to 31/12/2020 RM'000	12 Months 01/01/2019 to 31/12/2019 RM'000
Interest income from fixed deposit	(2)	3	18	13
Interest income from bank accounts	(2)	5	6	11
Interest income from loan to an associate	-	260	-	299
	(4)	268	24	323



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

8. Finance costs

	Individual Quarter		Cumulative Quarter	
	3 Months 01/10/2020 to 31/12/2020 RM'000	3 Months 01/10/2019 to 31/12/2019 RM'000	12 Months 01/01/2020 to 31/12/2020 RM'000	12 Months 01/01/2019 to 31/12/2019 RM'000
Interest expense				
– hire purchase liabilities	8	6	32	25
– lease liabilities	1	1	4	5
– promissory notes	-	41	-	412
– term loans	122	104	303	607
– trade finance	238	202	1,174	846
- related party advances	461	-	461	-
	<u>830</u>	<u>354</u>	<u>1,974</u>	<u>1,895</u>

9. Income tax expense

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

	Individual Quarter		Cumulative Quarter	
	3 Months 01/10/2020 to 31/12/2020 RM'000	3 Months 01/10/2019 to 31/12/2019 RM'000	12 Months 01/01/2020 to 31/12/2020 RM'000	12 Months 01/01/2019 to 31/12/2019 RM'000
a. Expected income tax payable				
i. Current income tax expense				
- Malaysia	-	-	-	-
- Overseas	(83)	(23)	(1,823)	(1,678)
	<u>(83)</u>	<u>(23)</u>	<u>(1,823)</u>	<u>(1,678)</u>
ii. Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b. Deferred tax				
Current year				
- Malaysia	141	110	141	110
- Overseas	225	65	224	65
	<u>366</u>	<u>175</u>	<u>365</u>	<u>175</u>
Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	336	-	336
	<u>-</u>	<u>336</u>	<u>-</u>	<u>336</u>
Total	<u>283</u>	<u>488</u>	<u>(1,458)</u>	<u>(1,167)</u>



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

10. Purchase or Disposal of Quoted Securities/Other Financial Assets

There was no purchase or disposal of quoted securities and/or other financial assets during the financial period ended 31 December 2020.

11. Investment in an associate

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

The investment in associate as at 31 December 2020 is as follows:

	Unaudited 31/12/2020 RM'000	Audited 31/12/2019 RM'000
Unquoted shares at cost	980	980
Share of post acquisition loss	(980)	(980)
	<u>-</u>	<u>-</u>

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

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

(a) Summarised statement of comprehensive income

	Unaudited 31/12/2020 RM'000	Audited 31/12/2019 RM'000
Revenue	6,091	23,336
Loss before tax	(5,415)	(2,113)
Net loss/Total comprehensive loss	<u>(5,415)</u>	<u>(2,113)</u>

(b) Summarised statement of financial position

	Unaudited 31/12/2020 RM'000	Audited 31/12/2019 RM'000
Assets		
Non-current assets	5,664	14,885
Current assets	5,550	9,937
Total assets	<u>11,214</u>	<u>24,822</u>
Liabilities		
Non-current liabilities	10,060	6,722
Current liabilities	11,438	22,969
Total liabilities	<u>21,498</u>	<u>29,691</u>
Net liabilities	<u>(10,284)</u>	<u>(4,869)</u>



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

12. Group Borrowings and Debt Securities

	As at 4th quarter ended 31 December 2020					
	Long term		Short term		Total borrowing	
	Denomination		Denomination		Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,547	-	189	-	3,736
Term Loan 2	-	1,305	-	144	-	1,449
Trade financing*	-	-	5,453	21,905	5,453	21,905
	-	4,852	5,453	22,238	5,453	27,090
Lease liabilities						
Hire purchase liabilities	-	571	-	162	-	733
Other lease liabilities	-	20	-	13	-	33
	-	591	-	175	-	766
	-	5,443	5,453	22,413	5,453	27,856

* USD1.0000 is equivalent to RM4.0170

	As at 4th quarter ended 31 December 2019					
	Long term		Short term		Total borrowing	
	Denomination		Denomination		Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,600	-	189	-	3,789
Term Loan 2	-	1,436	-	132	-	1,568
Trade financing*	-	-	3,128	12,804	3,128	12,804
	-	5,036	3,128	13,125	3,128	18,161
Lease liabilities						
Hire purchase liabilities	-	378	-	92	-	470
Other lease liabilities	-	25	-	21	-	46
		403		113		516
	-	5,439	3,128	13,238	3,128	18,677

* USD1.0000 is equivalent to RM4.0930

13. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 18 February 2021, being the latest practicable date.

14. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.



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

15. Material Litigation

There is no material litigation for the Group as at 18 February 2021, being the latest practicable date.

16. Change of Financial Year End

On **18 February 2021**, the Company had announced that it has changed its financial year end from 31 December 2020 to 30 April 2021. Therefore, the Group's current financial reporting period shall be sixteen (16) months commencing from 01 January 2020 to 30 April 2021.

17. Loss Per Share

Basic

	Individual Quarter		Cumulative Quarter	
	3 Months 01/10/2020 to 31/12/2020	3 Months 01/10/2019 to 31/12/2019	12 Months 01/01/2020 to 31/12/2020	12 Months 01/01/2019 to 31/12/2019
Loss attributable to shareholders of the Company (RM'000)	(20,924)	(5,111)	(22,397)	(7,017)
Weighted average number of ordinary shares ('000) – basic	503,220	368,034	503,220	368,034
Basic (sen)	<u>(4.16)</u>	<u>(1.39)</u>	<u>(4.45)</u>	<u>(1.91)</u>

Diluted

The diluted loss per share was not presented in the financial statements as there is an anti-dilutive effect on the loss per share.

By Order of the Board
Coral Hong Kim Heong
(MAICSA 7019696)
Company Secretary

Date: 24 February 2021