



HO WAH GENTING BERHAD

(Company No: 199301018185 / 272923-H)

(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 APRIL 2021

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 period 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>
Amendments to MFRS 16	:	Leases - <i>COVID-19 – Related Rent Concessions beyond 30 June 2021</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 108	: Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition in Accounting Estimates</i>	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.

Subsequent to the change of financial year end, the first quarter of the following year is referred to the period from **01 January 2021 to 31 March 2021**.

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

- (i) On **06 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 **08 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.
- (ii) 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:

- 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;

PART A (continued)

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

(a) Private Placement of Shares (continued)

- HWGB and AmInvestment Bank to inform BMSB upon the completion of the Proposed Private Placement;
- 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;
- HWGB must submit to BMSB details of the placees 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
- 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.

PART A (continued)

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

(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
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
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 June 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
Balance carried forward		4,672,760	4,672,760		1,495,283	560,731

PART A (continued)

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

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

Allotment Date	Listing and Quotation Date	No. of Warrants Exercised	No. of new Ordinary Shares Issued	Exercise Price	Total Proceeds	Transfer of Warrant Reserve to Share Capital
Balance brought forward		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
18/02/2021	22/02/2021	1,325,000	1,325,000	0.3200	424,000	159,000
22/02/2021	24/02/2021	1,387,600	1,387,600	0.3200	444,032	166,512
24/02/2021	26/02/2021	2,550,000	2,550,000	0.3200	816,000	306,000
26/02/2021	02/03/2021	3,750,600	3,750,600	0.3200	1,200,192	450,072
03/03/2021	05/03/2021	9,211,939	9,211,939	0.3200	2,947,820	1,105,433
04/03/2021	08/03/2021	3,033,240	3,033,240	0.3200	970,637	363,989
08/03/2021	10/03/2021	2,715,840	2,715,840	0.3200	869,069	325,901
10/03/2021	12/03/2021	3,145,971	3,145,971	0.3200	1,006,711	377,516
11/03/2021	15/03/2021	6,472,810	6,472,810	0.3200	2,071,299	776,737
12/03/2021	16/03/2021	2,523,840	2,523,840	0.3200	807,629	302,861
15/03/2021	17/03/2021	1,459,400	1,459,400	0.3200	467,008	175,128
19/03/2021	23/03/2021	4,959,300	4,959,300	0.3200	1,586,976	595,116
		58,153,700	58,153,700		18,609,184	6,978,444

8. Dividends Paid

No dividend was paid in the current quarter under review.

9. The Status of Corporate Proposals

(a) **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:

PART A (continued)

9. The Status of Corporate Proposals (continued)

(a) ESOS Schemes (continue)

(i) Third Batch of ESOS Offered (continued)

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

(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

(iii) Fifth Batch of ESOS Offered

On **03 March 2021**, the Company had announced that it had on the same date offered a total of 2,500,000 share options at the option price of RM0.5300 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	03 March 2021
Number of Option offered	2,500,000
Exercise price of Option offered	RM0.5300
Closing price of HWGB's on the date of offer	RM0.5450
Number of Option offered to the Company's Directors under the ESOS	Nil
Vesting period of the Option offered	N/A

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 30 April 2021 are as follows:

PART A (continued)

10. Segmental Reporting (continued)

Current year's 16 months period ended 30 April 2021	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	127	390,959	542	493	392,121	-	392,121
Inter-segment revenue	18	-	-	22	40	(40)	-
	<u>145</u>	<u>390,959</u>	<u>542</u>	<u>515</u>	<u>392,161</u>	<u>(40)</u>	<u>392,121</u>
Segmental revenue by regions							
Malaysia	145	-	542	515	1,202	(40)	1,162
The rest of Asia	-	41,084	-	-	41,084	-	41,084
North America	-	349,875	-	-	349,875	-	349,875
	<u>145</u>	<u>390,959</u>	<u>542</u>	<u>515</u>	<u>392,161</u>	<u>(40)</u>	<u>392,121</u>
Results							
(Loss)/Profit from operations before share options expenses	(15,542)	10,209	(2,360)	(282)	(7,975)	(211)	(8,186)
Share options expenses	(7,453)	(10,811)	-	(1,214)	(19,478)	-	(19,478)
Loss from operations	<u>(22,995)</u>	<u>(602)</u>	<u>(2,360)</u>	<u>(1,496)</u>	<u>(27,453)</u>	<u>(211)</u>	<u>(27,664)</u>
Finance income	80	8	-	-	88	-	88
Finance costs	(1,106)	(1,677)	-	-	(2,783)	-	(2,783)
Loss before income tax expense	<u>(24,021)</u>	<u>(2,271)</u>	<u>(2,360)</u>	<u>(1,496)</u>	<u>(30,148)</u>	<u>(211)</u>	<u>(30,359)</u>
Income tax expense	188	(2,000)	-	-	(1,812)	326	(1,486)
Net loss for the year	<u>(23,833)</u>	<u>(4,271)</u>	<u>(2,360)</u>	<u>(1,496)</u>	<u>(31,960)</u>	<u>115</u>	<u>(31,845)</u>
Non-controlling interest	4	-	37	1	42	-	42
Net loss attributable to owners of the Company	<u>(23,829)</u>	<u>(4,271)</u>	<u>(2,323)</u>	<u>(1,495)</u>	<u>(31,918)</u>	<u>115</u>	<u>(31,803)</u>
Assets and liabilities as at 30 April 2021							
Segment assets - Consolidated total assets	136,823	132,684	11,531	1,202	282,240	(105,659)	176,581
Segment liabilities - Consolidated total liabilities	24,439	107,081	13,319	301	145,140	(33,880)	111,260
Segmental non-current assets by regions as at 30 April 2021							
Malaysia	95,898	-	144	38	96,080	(79,733)	16,347
The rest of Asia	-	20,547	-	-	20,547	9,556	30,103
	<u>95,898</u>	<u>20,547</u>	<u>144</u>	<u>38</u>	<u>116,627</u>	<u>(70,177)</u>	<u>46,450</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 30 April 2021, 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%. On **04 March 2021**, the 60% owned subsidiary's name was changed to HWGB Blockchain & Digitaltech Sdn Bhd.
- (b) On **13 March 2020**, the Company incorporated a wholly owned subsidiary, Astramune Sdn Bhd with an issued and paid-up capital of RM100. On **22 May 2020**, the wholly owned subsidiary's name was changed to Astramern Sdn Bhd.
- (c) On **19 February 2021**, the Company incorporated a wholly owned subsidiary, HWGB EV Sdn Bhd with an issued and paid-up capital of RM100. The issued and paid-up capital of this subsidiary was increased to RM100,000 on **01 April 2021** by way of issuance of 99,900 new ordinary shares for cash. On **27 April 2021**, the Company transferred 35,000 ordinary shares representing 35% of the issued and paid-up capital of the subsidiary for cash consideration of RM3 to the following companies:

PART A (continued)

13. Changes in the Composition of the Group (continued)

- (i) 20,000 ordinary shares to Seiyong Motor Co. Ltd for cash consideration of RM1;
- (ii) 10,000 ordinary shares to Xiamen Chief Electric Vehicle Co. Ltd for cash consideration of RM1; and
- (iii) 5,000 ordinary shares to Beijing Aitou Capital Management Ltd for cash consideration RM1.

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 (6th Quarter)	Cumulative Quarters (Year to-date)
	Current Year Quarter 1 Month 01/04/2021 To 30/04/2021 RM'000	Current Year todate 16 Months 01/01/2020 to 30/04/2021 RM'000
Revenue	25,124	392,121
Loss from operations	(825)	(27,664)
Loss before interest and taxation	(825)	(27,664)
Loss before taxation	(1,048)	(30,359)
Loss after taxation	(985)	(31,845)
Loss attributable to owners of the Company	(983)	(31,803)

A. Overall Review of Group's Financial Performance

The Group recorded a revenue of RM392.1 million for the financial period ended 30 April 2021. The Group's revenue is mainly derived from the Moulded Power Supply Cord Sets in Indonesia which represented approximately 99.7% of the total revenue of the Group. The weakening of RM against the USD also improved the Group's revenue which is denominated in RM. The average exchange rate used for the financial period ended 30 April 2021 was RM4.1723/USD.

The loss before taxation of RM30.36 million in the current financial period were due to the followings:

- (i) Loss before taxation of RM2.27 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 RM10.81 million.
- (ii) Loss before taxation of RM24.02 million from the Investment Division due to the fair value of ESOS expenses granted and accepted by employees of the Company of RM7.45 million and allowance for expected credit loss of RM4.23 million.
- (iii) Loss before taxation of RM1.50 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; and
- (iv) Loss before taxation of RM2.36 million incurred by the newly ventured Healthcare Division.

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

	Unaudited 30/04/2021	Audited 31/12/2019	Changes	
	RM’000	RM’000	RM’000	%
Non-current assets	46,450	34,027	12,423	36.5
Current assets	130,131	61,218	68,913	112.6
Current liabilities	(96,436)	(49,510)	46,926	94.8
Non-current liabilities	(14,824)	(12,446)	2,378	19.1
Equity attributable to owner of the Company	(65,042)	(33,283)	31,759	95.4
Non-controlling interest	(279)	(6)	273	>1,000.0
Total equity	(65,321)	(33,289)	32,032	96.2

Figures in bracket denotes credit balances

The increase of RM12.42 million or 36.5% in non-current assets were due to the followings:

- (i) Purchase of plant and equipment of RM2.57 million;
- (ii) Surplus on revaluation of the Group’s buildings of RM8.27 million, after deducting deferred taxation liabilities of RM2.61 million;
- (iii) Depreciation charged on property, plant and equipment and right of use assets of RM5.03 million and RM0.18 million respectively; and
- (iv) The conversion RM4.16 million in prepayment paid for the operational joint venture between HWGB Biotech Sdn. Bhd. and E-MO Biology Inc. (a company incorporated in the United States of America “USA”) into 4,500,000 common shares in E-MO Biotech Holding Inc. (a company incorporated in USA).

The increase of RM68.91 million or 112.6% in current assets were mainly due to the followings:

- (i) Increase in inventories and finished goods pending for delivery of RM52.29 million of the Moulded Power Supply Cord Sets Division and the inventories for the Healthcare Division;
- (ii) Increase in trade receivables of RM2.28 million from the higher sales in the current period;
- (iii) Increase in other receivables of RM4.17 million due to advanced payments made for the purchase of raw materials and healthcare merchandise;
- (iv) Increase in cash and bank balances of RM14.13 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 RM46.93 million or 94.8% in current liabilities were mainly due to the followings:

- (i) Increase in trade payables of RM29.19 million for the purchase of inventories by the Moulded Power Supply Cord Sets Division;
- (ii) Increase in other payables of RM3.05 million mainly from advances received; and
- (iii) Increase in trade financing of RM14.77 million to purchase raw materials.

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 non-current liabilities of RM2.38 million or 19.1% were mainly due to the followings:

- (i) Increase in retirement benefits obligation of RM0.41 million for a foreign subsidiary;
- (ii) Increase in deferred taxation of RM2.12 million; and
- (iii) Net increase in lease liabilities of RM0.13 million from the purchase of a new leased plant and equipment.

The increase was reduced by the repayment of long-term borrowings of RM0.29 million.

The increase in “equity attributable to owner of the Company” of RM31.76 million or 95.4% 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 completed on **08 April 2020**;
- (ii) RM10.00 million from the issuance of 17,858,000 new ordinary shares of the Company pursuant to Private Placement of new ordinary shares at an issue price of RM0.5600 per placement share completed on **09 February 2021**;
- (iii) RM2.95 million from the issuance of 16,967,651 new ordinary shares of the Company pursuant to exercise of ESOS as stated in Part A Note 7 (b) above;
- (iv) RM18.61 million from the issuance of 58,153,700 new ordinary shares of the Company pursuant to the exercise of Warrants 2016/2021 as stated in Part A Note 7 (c) above;
- (v) Additional fair value of ESOS reserve of RM19.48 million allocated for new batches of ESOS; and
- (vi) The total comprehensive loss for the period attributable to the owners of the Company of RM23.53 million.

The increase in non-controlling interest (“NCI”) from RM6,000 to RM279,000 were due to dilution of shareholdings by the Company from the disposal of 30% shareholdings in HWGB Medical Devices and Supplies Sdn Bhd and 35% shareholdings in HWGB EV Sdn Bhd to NCI for RM300,000 and RM3 respectively and NCI’s share of losses in subsidiaries not wholly owned by the Company.

The increase in “total equity” of RM32.03 million or 96.2% were due to similar reasons stated in the increased in equity attributable to owner of the Company and the increase in NCI above.

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

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

C. Summary of Statement of Cash Flows of the Group

	Unaudited 16 Months 01/01/2020 to 30/04/2021 RM’000
Net cash used in operating activities	(30,085)
Net cash used in investing activities	(6,428)
Net cash from financing activities	50,727
Exchange differences	(89)
Net increase in cash and cash equivalent	14,125

The “net cash used in operating activities” for the financial period ended 30 April 2021 was RM30.09 million. The “net cash used in operating activities” were due to the followings:

- (i) Net cash from “operating loss before working capital changes” of RM0.52 million after deducting the net interest paid RM2.69 million;
- (ii) Net change in inventories and finished goods pending for delivery of RM53.23 million of the Moulded Power Supply Cord Sets Division and the inventories for the Healthcare Division;
- (iii) Net change in trade and other payables of RM32.77 million for the purchase of inventories and advances received;
- (iv) Payment of income tax of RM2.0 million and retirement benefits of RM0.11 million; and
- (v) Net change in trade and other receivables of RM6.99 million from the higher sales in the current period and advance payment to purchase merchandise.

The “net cash used in investing activities” of RM6.43 million were mainly due to the followings:

- (i) Purchase of plant and equipment of RM2.57 million;
- (ii) Proceeds received from the disposal of 30% shareholdings in HWGB Medical Devices and Supplies Sdn Bhd and 35% shareholdings in HWGB EV Sdn Bhd for RM0.30 million cash; and
- (iii) Investment in other financial assets by way of conversion RM4.16 million in prepayment paid for the operational joint venture between HWGB Biotech Sdn. Bhd. and E-MO Biology Inc. into 4,500,000 common shares in E-MO Biotech Holding Inc.

The “net cash from financing activities” of RM50.73 million for the financial period ended 30 April 2021 were mainly from the net drawdown of trade financing facilities of RM15.02 million, proceeds from issuance of new ordinary shares of RM35.79 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 RM0.28 million and lease liabilities of RM0.21 million.

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

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

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

Summary of revenue by regions	Cumulative Quarters 16 Months 01/01/2020 to 30/04/2021 USD’000
Sales to external parties	
North America	83,856
The rest of Asia	9,847
	<u>93,703</u>

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

The sales to North America was USD83.85 million or 89.5% and to the rest of Asia was USD9.85 million or 10.5% for the financial period ended 30 April 2021.

Summary of results	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 USD’000
Revenue	93,703
Operating loss	(192)
Loss before interest and taxation	(192)
Loss before taxation	(592)
Loss after taxation	(1,071)
Loss attributable to owner of the Company	<u>(1,071)</u>

The loss before taxation of USD0.59 million for the financial period ended 30 April 2021 were mainly due to the fair value of share option expenses of USD2.64 million granted and accepted by the employees of the Moulded Power Supply Cord Sets Division.

II. Healthcare Division

Revenue for this newly set-up division was at RM0.54 million for the current financial period ended 30 April 2021.

The Healthcare Division incurred a loss before taxation of RM2.36 million. The losses incurred were mainly due to low revenue and initial operating expenses incurred to set up the division onto full operation scale.

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

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

D. Segmental Analysis (continued)

III. Travel Services Division

Summary of revenue by products	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 RM'000
Sales to external parties	
Tour packages	334
Cruise tour	6
Hotel booking	53
Air tickets	89
Other tour related services	11
	493
Sales within HWGB Group	
Air tickets	22
	515

The Travel Services Division recorded a revenue of RM0.52 million for the financial period ended 30 April 2021 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”) 1.0, MCO 2.0 and currently MCO 3.0 by the Malaysian Government as tourism industry is categorised as non-essential industry.

The Travel Services Division recorded a loss before taxation of RM1.50 million. The loss before taxation in the current financial period were mainly due to low revenue generated and the fair value of share options expenses of RM1.21 million 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.

The Investment Division recorded a loss before taxation of RM24.02 million. The loss before taxation in the current financial period were mainly due to the followings:

- (i) Fair value of share options expenses of RM7.45 million 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 and RM0.27 million respectively;
- (iii) Impairment losses on investment in subsidiaries of RM0.50 million;
- (iv) Corporate proposal expenses of RM0.75 million incurred; and
- (v) Net finance costs of RM1.03 million.

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)

IV. Investment Division (continued)

At Company level, the Company recorded a loss before taxation of RM23.83 million for the financial period ended 30 April 2021.

In the opinion of the Directors, other than those disclosed above, the results for the current financial period ended 30 April 2021 have not been affected by any transactions or events of a material or unusual nature which have arisen from 30 April 2021 to the date of issue of this quarterly report.

2. Comparison of Current Quarter Against Preceding Quarter’s Results

(Individual 6th Quarter 2021 from 01 April 2021 to 30 April 2021 vs Individual 5th Quarter 2021 from 01 January 2021 to 31 March 2021)

The Group recorded a lower revenue of RM25.14 million (5Q 2021: RM78.94 million) a decrease of RM53.80 million or 68.2%. The lower revenue of USD6.08 million (5Q 2021: USD19.28 million) derived from the Moulded Power Supply Cord Sets Division in the current quarter were due to the shorter duration of 1 month in the current quarter as compared to 3 months in the immediate preceding quarter.

The Group incurred a loss before taxation of RM1.05 million in the current quarter as compared to a loss before taxation of RM8.34 million in the immediate preceding quarter. The lower loss before taxation recorded in the current quarter were due to the followings:

- (i) Lower loss before taxation of RM0.23 million (5Q 2021: RM0.36 million) incurred by the Healthcare Division;
- (ii) Lower loss before taxation of RM1.0 million (5Q 2021: RM5.71 million) from the Investment Division. Included in the 5Q 2021 loss before taxation was the fair value of ESOS expenses of RM4.07 million.
- (iii) Lower loss before taxation of RM0.01 million (5Q 2021: RM0.04 million) from the Travel Services Division; and
- (iv) Profit before taxation of RM0.25 million (5Q 2021: Loss before taxation of RM2.10 million) from the Moulded Power Supply Cord Sets Division. Included in the 5Q 2021 loss before taxation was the fair value of ESOS expenses of RM2.32 million.

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

3. 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 (“Dufry HWG Shopping”), 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.

With the recent MCO 3.0 implemented by the Malaysian Government to curb the widespread of the COVID-19 disease, the Group’s Travel Services Division and Dufry HWG Shopping are not allowed to carry out its operations as these businesses are categorised as non-essential industry.

The Group is expecting a challenging operating and financial performance for the financial year ending 30 April 2022.

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.

4. Profit Forecast or Profit Guarantee

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

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

5. Loss from operations

Loss from operations is derived at:

	Individual Quarter 1 Month 01/04/2021 To 30/04/2021 RM’000	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 RM’000
After charging:		
Allowance for expected credit loss		
- Trade receivables	-	158
- Other receivables	-	265
- Amount due from an associate	-	3,965
Inventories written off	84	132
Retirement benefit obligations	46	632
Bad debts written off	-	-
Depreciation - Property, plant and equipment	338	5,031
Depreciation – Right of use assets	12	176
Expenses related to short term leases	11	113
Loss on disposal of plant and equipment	-	25
Loss on disposal of subsidiary	35	35
Loss on foreign exchange - Realised	(178)	3
Loss on foreign exchange - Unrealised	8	23
And crediting:		
Allowance for expected credit loss no longer required		
Trade receivables	-	32
Gain on disposal of subsidiary	-	-
Rental income from premises	29	482
Gain on disposal of plant and equipment	-	-
Gain on foreign exchange - Realised	236	236
Gain on foreign exchange - Unrealised	(596)	59

6. Finance income

	Individual Quarter 1 Month 01/04/2021 To 30/04/2021 RM’000	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 RM’000
Interest income from fixed deposit	-	80
Interest income from bank accounts	1	8
Interest income from loan to an associate	-	-
	1	88

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

7. Finance costs

	Individual Quarter 1 Month 01/04/2021 to 30/04/2021 RM'000	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 RM'000
Interest expense		
– hire purchase liabilities	3	43
– lease liabilities	1	5
– term loans	21	391
– trade finance	160	1,677
- related party advances	39	667
	224	2,783

8. Income tax expense

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

	Individual Quarter 1 Month 01/04/2021 To 30/04/2021 RM'000	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021 RM'000
a. Expected income tax payable		
i. Current income tax expense		
- Malaysia	-	-
- Overseas	(65)	(1,980)
	(65)	(1,980)
ii. Over/(Under) provision in prior year		
- Malaysia	-	-
- Overseas	-	-
	-	-
b. Deferred tax		
Current year		
- Malaysia	47	188
- Overseas	81	306
	128	494
Over/(Under) provision in prior year		
- Malaysia	-	-
- Overseas	-	-
	-	-
Total	63	(1,486)

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

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

During the quarter under review, the Group's operational joint venture for research and development on Oral Polio Vaccine ("OPV") for COVID-19 prevention costing RM4,160,200 (or USD1,000,000 equivalent) with E-MO Biology Inc., was converted into 4,500,000 common shares in E-MO Biotech Holding Inc. HWG Capital Sdn. Bhd. (formerly known as HWG Minerals Sdn. Bhd.), a wholly owned subsidiary was nominated by the Company to hold the 4,500,000 common shares.

E-MO Biotech Holding Inc., is the holding company for E-MO Biology Inc. The 4,500,000 common shares held by HWG Capital Sdn. Bhd. represents 15% of outstanding issued common shares issued by E-MO Biotech Holding Inc. No further costs shall be incurred by the Group for this conversion.

10. Investment in an associate

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

The investment in associate as at 30 April 2021 is as follows:

	Unaudited 30/04/2021 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 01/01/2021 to 30/04/2021 RM'000	Unaudited 01/01/2020 to 31/12/2020 RM'000
Revenue	388	6,091
Loss before tax	(1,607)	(5,415)
Net loss/Total comprehensive loss	<u>(1,608)</u>	<u>(5,415)</u>

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

10. Investment in an associate (continued)

(b) Summarised statement of financial position

	Unaudited 30/04/2021 RM'000	Unaudited 31/12/2020 RM'000
Assets		
Non-current assets	5,005	5,664
Current assets	5,065	5,550
Total assets	10,070	11,214
Liabilities		
Non-current liabilities	10,060	10,060
Current liabilities	11,902	11,438
Total liabilities	21,962	21,498
Net liabilities	(11,892)	(10,284)

There is no change of financial year end for the associate and remained as 31 December.

11. Group Borrowings and Debt Securities

	As at 6th quarter ended 30 April 2021					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,491	-	189	-	3,680
Term Loan 2	-	1,258	-	144	-	1,402
Trade financing*	-	-	6,727	27,566	6,727	27,566
		4,749	-	27,899	-	32,648
Lease liabilities						
Hire purchase liabilities	-	522	-	159	-	681
Other lease liabilities	-	15	-	13	-	28
	-	537	-	172	-	709
	-	5,286	6,727	28,071	6,727	33,357

* USD1.0000 is equivalent to RM4.0975

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

11. Group Borrowings and Debt Securities (continued)

	As at 4th quarter ended 31 December 2019					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,600	-	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

12. Off Balance Sheet Financial Instruments

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

13. 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.

14. Material Litigation

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

15. 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.

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

16. Loss Per Share

Basic

	Individual Quarter 1 Month 01/04/2021 To 30/04/2021	Cumulative Quarter 16 Months 01/01/2020 to 30/04/2021
Loss attributable to shareholders of the Company (RM'000)	(983)	(31,803)
Weighted average number of ordinary shares ('000) – basic	518,792	518,792
Basic (sen)	<u>(0.19)</u>	<u>(6.13)</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: 25 June 2021