



HO WAH GENTING BERHAD

(Company No: 199301018185 / 272923-H)

(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2022

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 30 April 2022.

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 30 April 2022.

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:

		Effective date
MFRS 17	: Insurance Contracts	01 January 2023
Amendments to	: Presentation of Financial Statements – <i>Classifications of Liabilities as Current or Non-current</i>	01 January 2023
MFRS 101		
MFRS 17	: Insurance Contracts	01 January 2023
Amendments to	: Initial application for MFRS 17 and MFRS 9 - Comparative Information	01 January 2023
MFRS 17		
Amendments to	: Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition in Accounting Estimates</i>	01 January 2023
MFRS 108		
Amendments to	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
MFRS 112		
Amendments to	: 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.
MFRS 10 and		
MFRS 128		

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.

PART A (continued)

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 30 April 2022.

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 from the month of April, and normally will peak in the month of August arising from increase in customers' demand in anticipation of the festive seasons towards year end and the demand will gradually decline from the month of October to March of the following year.

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

Private Placement of Shares

On 08 July 2022, the Company through its advisor Kenanga Investment Bank Berhad (“KIBB”), had announced that the Company proposes to undertake a Proposed Private Placement of up to 10% (excluding treasury shares, if any) of the issued share capital of the Company, involved in the issuance of up to 27,104,764 new ordinary shares (“Placement Shares”) in HWGB (“Proposed Private Placement”).

On 12 July 2022, the Company through its advisor KIBB, had announced that the additional listing application for the Proposed Private Placement has been submitted to BMSB on the same date.

On 18 July 2022, the Company through its advisor KIBB, had announced that BMSB had, vide its letter dated 18 July 2022, resolved to approve the listing of and quotation for up to 27,104,764 Placement Shares to be issued pursuant to the Proposed Private Placement.



PART A (continued)

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

Private Placement of Shares (continued)

On 20 July 2022, the Company through its advisor KIBB, announced that HWGB had on the same date resolved to fix the issue price for the Proposed Private Placement at RM0.124 per Placement Share.

The issue price of RM0.124 per Placement Share represents a discount of approximately RM0.013 or 9.49% to the 5-day Volume Weighted Average Market Price (“VWAMP”) of HWGB Shares up to and including 19 July 2022, being the latest traded day of HWGB Shares immediately preceding the price-fixing date, of RM0.137 per HWGB Share.

The Proposed Private Placement of 23,708,000 Placement Shares were completed on 28 July 2022 with listing and quotation of the Placement Shares on the same date. The total proceeds of RM2,939,792 was raised for working capital purposes.

8. Dividends Paid

No dividend was paid in the current quarter under review.

9. The Status of Corporate Proposals

Proposed acquisition by HWG Fintech Property Sdn Bhd., an indirect wholly owned subsidiary of HWGB, of properties comprising of eight (8) units of service apartments located within Vortex Suites & Residences @ KLCC for a purchase consideration of RM7,410,000; and eleven (11) units of condominium located within Residensi Iskandar for a purchase consideration of RM7,842,000; and proposed amendments to constitution of HWGB (“Proposals”)

On 15 June 2022, the Company through its advisor KIBB had announced that HWG Fintech Property Sdn Bhd. (an indirect wholly-owned subsidiary of the Company) (“HWG Fintech Property” or the “Purchaser”) and the Company had on the same date:

- (a) Entered into a conditional sale and purchase agreement with Koek Tiang Kung (“Vendor A”) for the proposed acquisition by HWG Fintech Property of eight (8) units of service apartment located within Vortex Suites & Residences @ KLCC, No. 12, Jalan Sultan Ismail, 50250 Kuala Lumpur (“Vortex Residences”) for a purchase consideration of RM7,410,000 (“Vortex Residences Purchase Considerations”) to be settled via cash deposit of RM222,300 and issuance of 48,565,541 redeemable convertible preference shares by the Company (“Consideration RCPS”) at an issue price of RM0.148 per Consideration RCPS (“Proposed Acquisition of Vortex Residences”) (“Vortex Residences SPA”); and



PART A (continued)

9. The Status of Corporate Proposals (continued)

- (b) Entered into a conditional sale and purchase agreement with Dato' Kho Eng Hue @ Koh Eng Hooi ("Vendor B") for the proposed acquisition by HWG Fintech Property of eleven (11) units of condominium located within Residensi Iskandar, Persiaran Medini Utara 3, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor Darul Takzim ("Residensi Iskandar") for a purchase consideration of RM7,842,000 ("Residensi Iskandar Purchase Considerations") to be settled via cash deposit of RM392,100 and issuance of 50,337,162 redeemable convertible preference shares by the Company ("Consideration RCPS") at an issue price of RM0.148 per Consideration RCPS ("Proposed Acquisition of Residensi Iskandar") ("Residensi Iskandar SPA").

(The Vortex Residences Purchase Consideration and Residensi Iskandar Purchase Consideration shall be collectively referred to as "Purchase Considerations", whereas the Proposed Acquisition of Vortex Residences and Proposed Acquisition of Residensi Iskandar shall be collectively referred to as the "Proposed Acquisitions")

The ordinary shares of HWGB to be issued pursuant to the conversion of the Consideration RCPS ("Conversion Shares")

The Proposed Acquisitions are not related party transaction i.e none of the Directors and/or major shareholders of the Company and/or persons connected with them (as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB")) has any direct or indirect interest in the Proposed Acquisitions.

In view that the Purchase Considerations shall be partially settled via issuance of the Consideration RCPS, the Company proposes to amend its constitution ("Constitution") to facilitate the issuance of the Consideration RCPS pursuant to the Proposed Acquisitions ("Proposed Amendments").

The above proposals are subject to the following approvals:

- (a) BMSB for the listing of and quotation for the Conversion Shares of the Consideration RCPS on the Main Market of BMSB;
- (b) The shareholders of the Company at an extraordinary general meeting ("EGM") to be convened in relation to the Proposed Acquisitions and the Proposed Amendments; and
- (c) Approvals and/or consents of any other relevant authorities and/or parties.

On 29 July 2022, the Company through its advisor KIBB had announced that the application in relation to the Proposals has been submitted to BMSB on the same day.

On 19 August 2022, the Company through its advisor KIBB had announced that BMSB had via its letter dated 18 August 2022, approved the listing and quotation of 98,902,703 new ordinary shares of the Company to be issued pursuant to the conversion of RCPS.

The approval granted by BMSB on the above is subject to the following conditions:



PART A (continued)

9. The Status of Corporate Proposals (continued)

- (a) HWGB and KIBB must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposed Acquisitions;
- (b) HWGB and KIBB are required to inform Bursa Securities upon completion of the Proposed Acquisitions;
- (c) HWGB and KIBB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisitions are completed;
- (d) HWGB / KIBB is required to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at the extraordinary general meeting for the Proposed Acquisitions and Proposed Amendments to the Constitution of HWGB prior to the listing and quotation of the ordinary shares to be issued pursuant to the Proposed Acquisitions; and
- (e) HWGB / KIBB is required to furnish a copy of the amended Constitution of HWGB together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements.

On 23 September 2022, the Company through its advisor KIBB had announced that HWG Fintech and the Company had on 22 September 2022 mutually agreed with Vendor A and Vendor B to terminate the Vortex Residences SPA and Residensi Iskandar SPA respectively, due to recent global market economic uncertainties and volatility. Pursuant thereto, HWG Fintech, the Company, Vendor A and Vendor B have entered into agreements to mutually terminate the Proposed Acquisitions (“Termination Agreements”).

Consequential to the Termination Agreements, the Company will not proceed with the Proposed Acquisitions and Proposed Amendments. Therefore, the ordinary resolutions and special resolution as set out in the agenda of the Notice of EGM dated 30 August 2022 has been withdrawn and was not put forward for voting at the EGM on 28 September 2022.

10. Segmental Reporting

Analysis of the Group's segmental revenue, results, assets and liabilities for business segments for the financial period ended 31 July 2022 are as follows:



PART A (continued)

10. Segmental Reporting (continued)

Current year's 3 months period ended 31 July 2022	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	35	144,988	40	172	145,235	-	145,235
Inter-segment revenue	-	-	-	3	3	(3)	-
	<u>35</u>	<u>144,988</u>	<u>40</u>	<u>175</u>	<u>145,238</u>	<u>(3)</u>	<u>145,235</u>
Segmental revenue by regions							
Malaysia	35	1,517	40	175	1,767	(3)	1,764
The rest of Asia	-	10,352	-	-	10,352	-	10,352
North America	-	133,119	-	-	133,119	-	133,119
	<u>35</u>	<u>144,988</u>	<u>40</u>	<u>175</u>	<u>145,238</u>	<u>(3)</u>	<u>145,235</u>
Results							
(Loss)/Profit from operations	(1,483)	6,733	(233)	(98)	4,919	-	4,919
Finance income	14	2	-	-	16	-	16
Finance costs	(71)	(366)	-	(1)	(438)	-	(438)
(Loss)/Profit before income tax expense	(1,540)	6,369	(233)	(99)	4,497	-	4,497
Income tax expense	-	(1,323)	-	-	(1,323)	-	(1,323)
Net (loss)/profit for the period	(1,540)	5,046	(233)	(99)	3,174	-	3,174
Non-controlling interests	-	-	-	1	1	-	1
Net (loss)/profit attributable to owners of the Company	(1,540)	5,046	(233)	(98)	3,175	-	3,175
Assets and liabilities as at 31 July 2022							
Segment assets - Consolidated total assets	104,464	145,895	10,249	666	261,274	(83,960)	177,314
Segment liabilities - Consolidated total liabilities	15,357	103,379	13,400	367	132,503	(34,913)	97,590
Segmental non-current assets by regions as at 31 July 2022							
Malaysia	90,391	-	4,402	280	95,073	(83,430)	11,643
The rest of Asia	-	30,017	-	-	30,017	-	30,017
	<u>90,390</u>	<u>30,017</u>	<u>4,402</u>	<u>280</u>	<u>125,090</u>	<u>(83,430)</u>	<u>41,660</u>



PART A (continued)

10. Segmental Reporting (continued)

Preceding year's 3 months period ended 31 July 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	35	119,458	386	8	119,887	-	119,887
Inter-segment revenue	-	-	-	-	-	-	-
	<u>35</u>	<u>119,458</u>	<u>386</u>	<u>8</u>	<u>119,887</u>	<u>-</u>	<u>119,887</u>
Segmental revenue by regions							
Malaysia	35	3,749	386	8	4,178	-	4,178
The rest of Asia	-	6,969	-	-	6,969	-	6,969
North America	-	108,740	-	-	108,740	-	108,740
	<u>35</u>	<u>119,458</u>	<u>386</u>	<u>8</u>	<u>119,887</u>	<u>-</u>	<u>119,887</u>
Results							
(Loss)/Profit from operations	(1,479)	2,063	(263)	(81)	240	-	240
Finance income	-	2	-	-	2	-	2
Finance costs	(74)	(343)	-	-	(417)	-	(417)
(Loss)/Profit before income tax expense	(1,553)	1,722	(263)	(81)	(175)	-	(175)
Income tax expense	-	(499)	-	-	(499)	-	(499)
Net (loss)/profit for the period	(1,553)	1,223	(263)	(81)	(674)	-	(674)
Non-controlling interests	-	-	(15)	-	(15)	-	(15)
Net (loss)/profit attributable to owners of the Company	(1,553)	1,223	(278)	(81)	(689)	-	(689)
Assets and liabilities as at 30 April 2022							
Segment assets - Consolidated total assets	102,151	156,471	10,322	750	269,694	(90,744)	178,950
Segment liabilities - Consolidated total liabilities	15,304	113,113	13,237	352	142,006	(36,141)	105,865
Segmental non-current assets by regions as at 30 April 2022							
Malaysia	96,656	-	5,206	283	102,145	(90,227)	11,918
The rest of Asia	-	30,248	-	-	30,248	-	30,248
	<u>96,656</u>	<u>30,248</u>	<u>5,206</u>	<u>283</u>	<u>132,393</u>	<u>(90,227)</u>	<u>42,166</u>

PART A (continued)

11. Valuations of Property, Plant and Equipment

The valuation of property, plant and equipment of the Group have been brought forward without amendment from the previous period audited financial statements.

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

On 01 July 2022, the Company increased its percentage of shareholdings in HWGB Medical Devices & Supplies Sdn Bhd (“HWGB MD&S”) from 70% to 100% by acquiring 300,000 ordinary shares from its non-controlling interests for a cash consideration of RM300,000. HWGB MD&S has an issued and paid-up capital of RM1,000,000 represented by 1,000,000 ordinary shares.

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 (First Quarter)		Changes		Cumulative Quarters (Year to-date)		Changes	
	Current Year Quarter 01/05/2022 to 31/07/2022 RM'000	Preceding Year Corresponding Quarter 01/05/2021 to 31/07/2021 RM'000	RM'000	%	Current Year to date 01/05/2022 to 31/07/2022 RM'000	Preceding Year Corresponding Period 01/05/2021 to 31/07/2021 RM'000	RM'000	%
Revenue	145,235	119,887	25,348	21.1	145,235	119,887	25,348	21.1
Profit from operations	4,919	240	4,679	>1,000.0	4,919	240	4,679	>1,000.0
Profit before interest and taxation	4,919	240	4,679	>1,000.0	4,919	240	4,679	>1,000.0
Profit/(Loss) before taxation	4,497	(175)	4,672	>1,000.0	4,497	(175)	4,672	>1,000.0
Profit/(Loss) after taxation	3,174	(674)	3,848	570.9	3,174	(674)	3,848	570.9
Profit/(Loss) attributable to owners of the Company	3,175	(689)	3,864	560.8	3,175	(689)	3,864	560.8

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 Group recorded a revenue of RM145.24 million for the financial period ended 31 July 2022 as compared to RM119.89 million for the financial period ended 31 July 2021 (“FPE 2022”). The higher revenue in the current financial period is mainly due to higher demand from existing customers and also the higher average copper price of USD10,293 (FPE 2022: USD8,840) per metric tonne (“MT”). The Group’s revenue is mainly derived from the Moulded Power Supply Cord Sets in Indonesia which represented approximately 99.8% 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 31 July 2022 was RM4.4089/USD (FPE 2022: RM4.1536/USD).

The Group recorded a profit before taxation of RM4.50 million (FPE 2022: Loss before tax RM0.18 million) in the current financial period were due to the following:

- (a) Higher profit before taxation of RM6.37 million (FPE 2022: RM1.72 million) from Moulded Power Supply Cords Sets Division;
- (b) Lower loss before taxation of RM0.23 million (FPE 2022: RM0.26 million) from the Healthcare Division;
- (c) Higher loss before taxation of RM0.10 million (FPE 2022: RM0.08 million) from the Travel Services Division; and
- (d) Lower loss before taxation of RM1.54 million (FPE 2022: RM1.55 million) from the Investment Division.

Summary of Statement of Financial Positions of the Group

	Unaudited	Audited	Changes	
	31/07/2022	30/04/2022	RM’000	%
	RM’000	RM’000	RM’000	
Non-current assets	41,660	42,166	(506)	-1.2
Current assets	135,654	136,784	(1,130)	-0.8
Current liabilities	(84,180)	(92,575)	(8,395)	-9.1
Non-current liabilities	(13,410)	(13,290)	120	0.9
Equity attributable to owner of the Company	(79,693)	(72,826)	6,867	9.4
Non-controlling interest	(31)	(259)	(228)	-88.0
Total equity	(79,724)	(73,085)	6,639	9.1

Figures in bracket denotes credit balances

The decrease of RM0.51 million or 1.2% in non-current assets were mainly due to the following:

- (a) Purchase of property, plant and equipment of RM0.19 million;
- (b) Depreciation of property, plant and equipment and right of use assets of RM1.14 million and RM0.04 million respectively and amortisation of intangible assets of RM0.01 million; and

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)

- (c) Net increase in exchange differences of RM0.49 million from the conversion of a foreign subsidiary.

The decrease of RM1.13 million or 0.8% in current assets were mainly due to the following:

- (a) Increase in trade receivables of RM28.94 million from the higher sales in the current quarter;
(b) Increase in other receivables of RM1.47 million due to prepayment made for the purchase of raw materials;
(c) Decrease in inventories and finished goods of RM31.30 million of the Moulded Power Supply Cord Sets Division; and
(d) Decrease in cash and bank balances of RM0.24 million.

The decrease of RM8.40 million or 9.1% in current liabilities were mainly due to the following:

- (a) Decrease in trade and other payables of RM6.36 million for the Moulded Power Supply Cord Sets Division;
(b) Increase in tax payable of RM1.49 million for a foreign subsidiary; and
(c) Decrease in short term borrowings of RM3.52 million.

The increase in non-current liabilities of RM0.12 million or 0.9% were mainly due to the following:

- (a) Increase in retirement benefits obligation of RM0.26 million for a foreign subsidiary;
(b) Decrease in long term borrowings of RM0.10 million; and
(c) Decrease in long term lease liabilities of RM0.04 million.

The increase in “equity attributable to owner of the Company” of RM6.87 million or 9.4% were due to the following:

- (i) RM2.87 million from the issuance of 23,708,000 new ordinary shares of the Company pursuant to Private Placement; and
(ii) The total comprehensive income for the period attributable to the owners of the Company of RM4.07 million.

The decrease in non-controlling interest (“NCI”) from RM259,000 to RM31,000 were due to the following:

- (a) Acquisition of NCI’s entire shareholding of 300,000 ordinary shares in HWGB MD&S by the Company for cash consideration of RM300,000 and reversal of losses shared by NCI in prior years of RM73,000; and
(b) NCI’s share of losses of RM1,000 in subsidiaries not wholly owned by the Company.

The increase in “total equity” of RM6.64 million or 9.1% were due to similar reasons stated in the increased in equity attributable to owner of the Company and the decrease 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 the Group’s Statement of Cash Flows

	Unaudited 01/05/2022 to 31/07/2022 RM’000	Unaudited 01/05/2021 to 31/07/2021 RM’000	Changes	
			RM’000	%
Net cash from/(used in) operating activities	1,426	(7,905)	9,331	118.0
Net cash used in investing activities	(488)	(1,081)	593	54.8
Net cash (used in)/from financing activities	(1,405)	4,792	(6,197)	-129.3
Exchange difference	223	249	(26)	-10.4
Net decrease in cash and cash equivalents	(244)	(3,945)	3,701	93.8

The “net cash from operating activities” for the current financial period ended 31 July 2022 of RM1.43 million were mainly due to the following:

- (a) Net cash from “operating profit before working capital changes” of RM5.84 million;
- (b) Decrease in inventories of RM33.64 million;
- (c) Increase in trade and other receivables of RM29.97 million from the higher sales in the current financial period and advance payment to purchase raw materials;
- (d) Decrease in trade and other payables of RM7.64 million;
- (e) Payment of income tax of RM0.02 million; and
- (f) Net interest paid of RM0.42 million.

The “net cash used in investing activities” of RM0.49 million were due to the following:

- (a) Purchase of plant and equipment of RM0.19 million; and
- (b) Acquisition of NCI’s entire shareholding in a subsidiary not wholly owned by the Company for RM0.30 million.

The “net cash used in financing activities” of RM1.41 million were due to the following:

- (a) Net repayment of trade financing facilities of RM4.12 million;
- (b) Net proceeds from issuance of new ordinary shares pursuant to private placement of RM2.87 million for working capital purpose;
- (c) Repayment of term loans of RM0.11 million and lease liabilities of RM0.05 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

I. Moulded Power Supply Cord Sets Division

	Individual Quarter		Cumulative Quarters	
	3 Months 01/05/2022 to 31/07/2022 USD’000	3 Months 01/05/2021 to 31/07/2021 USD’000	3 Months 01/05/2022 to 31/07/2022 USD’000	3 Months 01/05/2021 to 31/07/2021 USD’000
Summary of revenue by regions				
Sales to external parties				
North America	30,193	26,180	30,193	26,180
Malaysia	344	902	344	902
The rest of Asia	2,348	1,678	2,348	1,678
	32,885	28,760	32,885	28,760

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

The sales to North America was USD30.19 million (FPE 2022: USD26.18 million) and to the rest of Asia was USD2.35 million (FPE 2022: USD1.68 million). The higher sales in both regions were due to higher demands from existing customers and the higher average copper price of USD10,293 (FPE 2022: USD8,840) per MT.

	Individual Quarter		Cumulative Quarters	
	3 Months 01/05/2022 to 31/07/2022 USD’000	3 Months 01/05/2021 to 31/07/2021 USD’000	3 Months 01/05/2022 to 31/07/2022 USD’000	3 Months 01/05/2021 to 31/07/2021 USD’000
Summary of results				
Revenue	32,885	28,760	32,885	28,760
Operating profit	1,527	496	1,527	496
Profit before interest and taxation	1,527	496	1,527	496
Profit before taxation	1,445	414	1,445	414
Profit after taxation	1,145	294	1,145	294
Profit attributable to owner of the Company	1,145	294	1,145	294

The higher profit before taxation of USD1.45 million (FPE 2022: USD0.41 million) for the financial period ended 31 July 2022 were mainly due to higher revenue generated for the period under review.

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

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

D. Segmental Analysis

II. Healthcare Division

	Individual Quarter		Cumulative Quarters	
	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000
Summary of results				
Revenue	40	386	40	386
Operating loss	(233)	(263)	(233)	(263)
Loss before interest and taxation	(233)	(263)	(233)	(263)
Loss before taxation	(233)	(263)	(233)	(263)
Loss after taxation	(233)	(263)	(233)	(263)
Loss attributable to owner of the Company	(233)	(278)	(233)	(278)

The Healthcare Division generated a revenue of RM0.04 million (FPE 2022: RM0.39 million) for the current financial period ended 31 July 2022. The lower revenue was mainly due to the intense competition from competitors and lower demand from consumers as more relaxed Standard Operating Procedures (“SOPs) for COVID-19 prevention announced by the Malaysian Government.

The Healthcare Division incurred a loss before taxation of RM0.23 million (FPE 2022: RM0.26 million).

III. Travel Services Division

	Individual Quarter		Cumulative Quarters	
	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000
Summary of results				
Revenue	175	8	175	8
Operating loss	(98)	(81)	(98)	(81)
Loss before interest and taxation	(98)	(81)	(98)	(81)
Loss before taxation	(99)	(81)	(99)	(81)
Loss after taxation	(99)	(81)	(99)	(81)
Loss attributable to owner of the Company	(98)	(81)	(98)	(81)

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

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

D. Segmental Analysis

III. Travel Services Division (continued)

The Travel Services Division recorded a revenue of RM0.18 million (FPE 2022: RM0.01 million) for the financial period ended 31 July 2022. The higher revenue for the current financial period is due to the re-opening of most international borders worldwide as many countries have transitioned into endemic phase of COVID-19 pandemic.

The Travel Services Division recorded a loss before taxation of RM0.10 million (FPE 2022: RM0.08 million).

IV. Investment Division

Investment Division consists of the Company, investment holding subsidiaries and inactive subsidiaries. The Investment Division recorded a loss before taxation of RM1.54 million (FPE 2022: RM1.55 million)

At Company level, the Company recorded a loss before taxation of RM1.83 million (FPE 2022: RM2.00 million).

In the opinion of the Directors, other than those disclosed above, the results for the current financial period ended 31 July 2022 have not been affected by any transactions or events of a material or unusual nature which have arisen from 31 July 2022 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 1st Quarter 2023 from 01 May 2022 to 31 July 2022 vs Individual 1st Quarter 2022 from 01 May 2021 to 31 July 2021)*

The Group recorded a higher revenue of RM145.24 million (1Q 2022: RM119.89 million) an increase of RM25.35 million or 21.1%. The higher revenue was due to higher sales of USD32.89 million (1Q 2022: USD28.76 million) derived from the Moulded Power Supply Cord Sets Division.

The Group posted a profit before taxation of RM4.50 million (1Q 2022: Loss before taxation of RM0.18 million) were due to the following:

- (a) Higher profit before taxation of RM6.37 million (1Q 2022: RM1.72 million) from Moulded Power Supply Cords Sets Division;
- (b) Lower loss before taxation of RM0.23 million (1Q 2022: RM0.26 million) from the Healthcare Division;
- (c) Higher loss before taxation of RM0.10 million (1Q 2022: RM0.08 million) from the Travel Services Division; and
- (d) Lower loss before taxation of RM1.54 million (1Q 2022: RM1.55 million) from the Investment Division.

Comparison of Current Quarter Against Preceding Quarter’s Results

(Individual 1st Quarter 2023 from 01 May 2022 to 31 July 2022 vs Individual 4th Quarter 2022 from 01 February 2022 to 30 April 2022)

The Group recorded a higher revenue of RM145.24 million (4Q 2022: RM95.59 million) an increase of RM49.65 million or 51.9%. The higher revenue was due to higher sales of USD32.89 million (4Q 2022: USD22.56 million) derived from the Moulded Power Supply Cord Sets Division due to the higher demand from existing customers.

The Group posted a profit before taxation of RM4.50 million (4Q 2022: Loss before taxation of RM4.49 million) The turnaround from loss before taxation to profit before taxation for the current quarter under review were mainly due to the following:

- (i) Higher profit before taxation of RM6.37 million (4Q 2022: RM1.45 million) from the Moulded Power Supply Cord Sets Division;
- (ii) Lower loss before taxation of RM0.23 million (4Q 2022: RM0.45 million) incurred by the Healthcare Division;
- (iii) Lower loss before taxation of RM1.54 million (4Q 2022: RM5.36 million) from the Investment Division; and
- (iv) Lower loss before taxation of RM0.10 million (4Q 2022: RM0.13 million) from the Travel Services Division.

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 high working capital requirement, intense competition in the US market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, rising cost of copper, PVC resin and other components and also the drastic spike in shipping and freight charges.

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 global economy has started to recover as many countries in the world have transitioned into the endemic phase of the COVID-19 pandemic with the full resumption of business activities and the re-opening of international borders. However, the rise of global inflation rates and aggressive interest rate hikes in decades, prolonged Russia-Ukraine war and the COVID-19 lockdowns in China, have worsen the global economic trends.

The Malaysian Government has also announced the entering into endemic phase and re-opened all international borders in Malaysia with effective from 01 April 2022. The re-opening of most international borders will boost up the tourism industry and this will increase the revenue of the Group’s Travel Services Division and the Group’s 49% associate Dufry HWG Shopping Sdn Bhd., which operate a sole travel retail outlet in Sky Avenue Mall, Genting Highlands.

The bitter experience of COVID-19 pandemic has opened up the mindset of each individual on the awareness of health and to live a healthier lifestyle such as undergoing screening and testing frequently, taking health supplements and practicing self-cleanliness to prevent the infection of diseases. Thus, the higher spending by consumers on healthcare products may improve the revenue of the Healthcare Division.

The Group is expecting a challenging operating and financial performance for the financial year ending 30 April 2023.

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 year ending 30 April 2023.

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

5. Profit from operations

Profit from operations is derived at:

	Individual Quarter		Cumulative Quarter	
	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000
After charging:				
Amortisation of intangible assets	13	-	13	-
Retirement benefit obligations	145	137	145	137
Depreciation – Property, plant and equipment	1,136	1,112	1,136	1,112
Depreciation – Right of use assets	41	34	41	34
Expenses related to short term leases	31	30	31	30
Plant and equipment written off	2	-	2	-
Loss on foreign exchange - Realised	12	-	12	-
Loss on foreign exchange - Unrealised	18	34	18	34
And crediting:				
Income related to short term leases	47	90	47	90
Gain on disposal of plant and equipment	4	1	4	1
Gain on foreign exchange – Realised	602	38	602	38
Gain on foreign exchange - Unrealised	430	514	430	514

6. Finance income

	Individual Quarter		Cumulative Quarter	
	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/5/2021 to 31/07/2021 RM’000	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000
Interest income				
- bank accounts	16	2	16	2
	16	2	16	2

7. Finance costs

	Individual Quarter		Cumulative Quarter	
	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000	3 Months 01/05/2022 to 31/07/2022 RM’000	3 Months 01/05/2021 to 31/07/2021 RM’000
Interest expense				
– hire purchase leases	7	7	7	7
– other leases	2	1	2	1
– term loans	63	66	63	66
– trade finance	366	343	366	343
	438	417	438	417

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

8. Income tax expense

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

	Individual Quarter		Cumulative Quarter	
	3 Months 01/05/2022 to 31/07/2022 RM'000	3 Months 01/05/2021 to 31/07/2021 RM'000	3 Months 01/05/2022 to 31/07/2022 RM'000	3 Months 01/05/2021 to 31/07/2021 RM'000
a. Expected income tax payable				
(i) Current income tax expense				
- Malaysia	-	-	-	-
- Overseas	(1,323)	(499)	(1,323)	(499)
	<u>(1,323)</u>	<u>(499)</u>	<u>(1,323)</u>	<u>(499)</u>
(ii) Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b. Deferred tax				
(i) Current year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(ii) Over/(Under) provision in prior year				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(1,323)</u>	<u>(499)</u>	<u>(1,323)</u>	<u>(499)</u>

9. 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 July 2022.

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 31 July 2022 is as follows:

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

10. Investment in an associate (continued)

	Unaudited 31/07/2022 RM'000	Audited 30/04/2022 RM'000
Unquoted shares at cost		
At beginning of period/year	1,127	980
Subscription of additional new ordinary shares	-	147
At end of period/year	<u>1,127</u>	<u>1,127</u>
	Unaudited 31/07/2022 RM'000	Audited 30/04/2022 RM'000
Unquoted shares at cost	1,127	1,127
Share of post-acquisition loss	<u>(1,127)</u>	<u>(1,127)</u>
	<u>-</u>	<u>-</u>

The Group's share of post-acquisition loss was capped at RM1.13 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 01/01/2022 to 31/07/2022 RM'000	Unaudited 01/01/2022 to 30/04/2022 RM'000	Audited 01/01/2021 to 31/12/2021 RM'000
Revenue	2,612	1,109	1,572
Loss before tax	(3,199)	(1,867)	(4,892)
Net loss/Total comprehensive loss	<u>(3,199)</u>	<u>(1,867)</u>	<u>(4,893)</u>

(b) Summarised statement of financial position

	Unaudited 31/07/2022 RM'000	Unaudited 30/04/2022 RM'000	Audited 31/12/2021 RM'000
Assets			
Non-current assets	10,798	11,778	13,080
Current assets	<u>5,466</u>	<u>5,737</u>	<u>6,353</u>
Total assets	<u>16,264</u>	<u>17,515</u>	<u>19,433</u>
Liabilities			
Non-current liabilities	8,260	8,818	9,554
Current liabilities	<u>26,532</u>	<u>25,893</u>	<u>25,208</u>
Total liabilities	<u>34,792</u>	<u>34,711</u>	<u>34,762</u>
Net liabilities	<u>(18,528)</u>	<u>(17,196)</u>	<u>(15,329)</u>

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

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

11. Group Borrowings and Debt Securities

	As at 31 July 2022					
	Long term		Short term		Total borrowing	
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,206	-	187	-	3,393
Term Loan 2	-	1,048	-	164	-	1,212
Trade financing*	-	-	5,517	24,553	5,517	24,553
	-	4,254	5,517	24,904	5,517	29,158
Lease liabilities						
Hire purchase leases	-	454	-	166	-	620
Other leases	-	37	-	22	-	59
	-	491	-	188	-	679
	-	4,745	5,517	25,092	5,517	29,837

* USD1.0000 is equivalent to RM4.4505

	As at 30 April 2022					
	Long term		Short term		Total borrowing	
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured borrowings						
Term Loan 1	-	3,266	-	194	-	3,460
Term Loan 2	-	1,088	-	163	-	1,251
Trade financing*	-	-	6,451	28,062	6,451	28,062
		4,354	6,451	28,419	6,451	32,773
Lease liabilities						
Hire purchase liabilities	-	488	-	178	-	666
Other lease liabilities	-	42	-	22	-	64
	-	530	-	200	-	730
	-	4,884	6,451	28,619	6,451	33,503

* USD1.0000 is equivalent to RM4.3500

12. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 21 September 2022, 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 30 April 2022.

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

14. Material Litigation

There is no material litigation for the Group as at 21 September 2022, being the latest practicable date.

15. Status of utilisation of proceeds raised from the Private Placement of ordinary shares

- (a) The proposed and actual utilisation of RM4,440,610 proceeds raised from the Private Placement of 19,307,000 new ordinary shares at an issue price of RM0.230 each, which was completed on **22 December 2021** are as follows:

Proposed utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation	Balance RM'000	Estimated timeframe for utilisation from listing of Placement Shares
		as at 21/09/2022 RM'000		
Working capital purposes	4,441	(4,441)	-	Within 12 months

- (b) The proposed and actual utilisation of RM2,939,792 proceeds raised from the Private Placement of 23,708,000 new ordinary shares at an issue price of RM0.124 each, which was completed on **28 July 2022** are as follows:

Proposed utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation	Balance RM'000	Estimated timeframe for utilisation from listing of Placement Shares
		as at 21/09/2022 RM'000		
Working capital purposes	2,940	(859)	2,081	Within 12 months

16. Earnings/(Loss) Per Share

Basic

	Individual Quarter		Cumulative Quarter	
	3 Months 01/05/2022 to 31/07/2022	3 Months 01/05/2021 to 31/07/2021	3 Months 01/05/2022 to 31/07/2022	3 Months 01/05/2021 to 31/07/2021
Profit/(Loss) attributable to shareholders of the Company (RM'000)	3,175	(689)	3,175	(689)
Weighted average number of ordinary shares ('000) – basic	639,643	599,599	639,643	599,599
Basic (sen)	0.50	(0.11)	0.50	(0.11)



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

16. Earnings/(Loss) Per Share (continued)

Diluted

Profit/(Loss) attributable to shareholders (RM'000)	3,175	n/a	3,175	n/a
<u>Add</u>				
Notional interest savings due to repayment of bank borrowings (RM'000)	2	n/a	2	n/a
Adjusted profit/(loss) attributable to shareholders (RM'000)	<u>3,177</u>	<u>n/a</u>	<u>3,177</u>	<u>n/a</u>
Weighted average number of ordinary shares ('000) – basic	639,643	n/a	639,643	n/a
<u>Add</u>				
Assuming full conversion of Tranche 2 ESOS ('000)	202	n/a	202	n/a
Weighted average number of ordinary shares ('000) – diluted	<u>639,845</u>	<u>n/a</u>	<u>639,845</u>	<u>n/a</u>
Diluted (sen)	<u>0.50</u>	<u>n/a</u>	<u>0.50</u>	<u>n/a</u>

The diluted earnings per share is calculated based on the adjusted net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period, adjusted to assume full conversion of all ESOS into new ordinary shares. However, it is assumed that only Tranche 2 of the Company's ESOS is fully exercised as Tranches 1, 3, 4 and 5 are "out-of-the-money". The adjusted profit attributable to equity holders of the Company is arrived at by adding notional interest savings as a result of repayment of bank borrowings from proceeds made available through exercise of ESOS into new ordinary shares.

The diluted loss per share for the financial period ended 31 July 2021 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: 28 September 2022