



HO WAH GENTING BERHAD

(Company No: 199301018185 / 272923-H)

(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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 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 period ended 31 December 2022 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2023:

		Effective date
Amendments to MFRS 101	: Presentation of Financial Statements – <i>Classifications of Liabilities as Current or Non-current</i>	01 January 2023
MFRS 17	: Insurance Contracts	01 January 2023
Amendments to MFRS 17	: Initial application for MFRS 17 and MFRS 9 - Comparative Information	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 112	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023

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
Amendments to MFRS 16	: Lease Liability in a Sale and Leaseback	01 January 2024
Amendments to MFRS 101	: Presentation of Financial Statements – <i>Non-current liabilities with Covenants</i>	01 January 2024
Amendments to MFRS 7 and MFRS 107	: Supplier Financial Arrangements	01 January 2024
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.

PART A (continued)

2. Significant Accounting Policies (continued)

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 period ended 31 December 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 second quarter and normally will peak in the third quarter arising from increase in customers' demand in anticipation of the festive seasons towards year end and the demand will gradually decline from the fourth quarter till the first quarter 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

There was no issuance, cancellation, repurchase, resale nor repayment of debt and equity securities, share buy-backs during the current quarter under review.

8. Dividends Paid

No dividend was paid in the current quarter under review.



PART A (continued)

9. The Status of Corporate Proposals

(a) Proposed Share Consolidation and Proposed Private Placement

On 19 May 2023, the Company through its advisor Kenanga Investment Bank Berhad (“KIBB”) had announced that the Company will be undertaking the following proposals:

- (i) Proposed consolidation of every 4 existing shares in Ho Wah Genting Berhad (“HWGB Shares(s)” or “Shares(s)”) into 1 new HWGB Share (“Consolidated Share(s)”) (“Proposed Share Consolidation”); and
- (ii) Proposed Private Placement of up to 30% of the total number of issued shares in HWGB (excluding treasury shares, if any), to third party investor(s) to be identified later at an issue price to be determined later (“Placement Shares”) (“Proposed Private Placement”). The Proposed Private Placement will be undertaken after the completion of the Proposed Share Consolidation.

(Collectively referred to as “Proposal”)

On 23 May 2023, the Company through its advisor KIBB had announced that the Company had on the same date has submitted the application in relation to the Proposals to BMSB.

On 08 June 2023, the Company through its advisor KIBB had announced that the Company has resolved to amend the utilisation of proceeds to be raised from the Proposed Private Placement.

On 13 June 2023, the Company through its advisor KIBB had announced that BMSB vide its letter dated the same date, approved the following:

- (i) Proposed Share Consolidation; and
- (ii) Listing and quotation of up to 49,728,048 new HWGB Shares to be issued pursuant to the Proposed Private Placement.

BMSB’s approval is subject to the following conditions:

- (i) HWGB and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (ii) KIBB to inform BMSB upon the completion of the Proposals;
- (iii) HWGB or KIBB to furnish BMSB with certified true copies of the resolutions passed by the shareholders approving the Proposals, prior to the listing and quotation of the consolidated shares and the new ordinary shares to be issued pursuant to the Proposed Private Placement;



PART A (continued)

9. The Status of Corporate Proposals (continued)

(a) Proposed Share Consolidation and Proposed Private Placement

- (iv) KIBB to furnish BMSB with a written confirmation of its compliance with the terms and conditions of BMSB’s approval once respective Proposals are completed; and
- (v) HWGB or KIBB is required to make the announcement pursuant Paragraph 13.20 (2) of the Listing Requirements.

On 13 July 2023, the Company had announced that the shareholders of the Company have at the Extraordinary General Meeting (“EGM”) held on same day, approved all the resolutions set out in the Notice of the EGM dated 21 June 2023.

On 14 July 2023, the Company had announced that the closing for Entitlement Date and Time for the Share Consolidation shall be at 5.00 pm on 31 July 2023.

On 31 July 2023, the Company through its advisor KIBB had announced that HWGB’s existing number of 662,578,000 Shares will be consolidated into 165,644,500 Consolidated Shares after 5.00pm on the same date (after disregarding the fractional entitlements arising from the Share Consolidation) pursuant to the Share Consolidation. The Consolidated Shares will be listed and quoted on the Main Market of BMSB with effect from 9.00 am on 01 August 2023, being the next market day immediately after the Entitlement Date.

On 01 August 2023, the Company through its advisor KIBB had announced that the Share Consolidation has been completed following the listing and quotation of 165,644,500 Consolidated on the Main Market of BMSB.

On 08 August 2023, the Company through its advisor KIBB had announced that the Board of Directors of HWGB has resolved to fix the issue price for the first tranche private placement at RM0.2704 per Placement Share (“1st Tranche Issue Price”). The 1st Tranche Issue Price represents a discount of approximately RM0.0300 or 9.99% to the 5-day Volume Weighted Average Market Price (“VWAMP”) of HWGB Shares up to and including 07 August 2023, being the latest trade day of HWGB Shares immediately before the price-fixing date, of RM0.3004 per HWGB Share.

On 16 August 2023, the Company through its advisor KIBB had announced that the listing and quotation of the first tranche private placement comprising of 25,517,600 Placement Shares (based on the 1st Tranche Issue Price) on the Main Market of BMSB has been completed on the same date.

PART A (continued)

9. The Status of Corporate Proposals (continued)

(b) Memorandum of Understanding entered into between HWGB Capital Sdn Bhd (“HWGB Capital”) (formerly known as HWG Fintech Capital Sdn Bhd) and Madam Leong Oi Heng for the Proposed Acquisition of shares in Advanced Apotheke Sdn Bhd

Introduction

On 23 August 2023, the Board of Directors of HWGB had announced that its wholly-owned subsidiary, HWGB Capital had on the same date entered into a MoU with Madam Leong Oi Heng (“Vendor”) (herein after known as the “Parties”) (“Memorandum”) for the purposes of recording the Parties’ intentions with respect to a proposed acquisition of shares in Advanced Apotheke Sdn Bhd (Company no.201001010038 / 894668-K) (“Apotheke”), details of which are set out below.

About Apotheke

- (i) Apotheke was incorporated on 23 March 2010 under the Companies Act, 1965 and deemed registered under the Companies Act, 2016. As at 22 August 2023, being the latest practicable date prior to the Memorandum Announcement (“LPD”), the issued share capital of Apotheke is RM500,000 comprising 500,000 ordinary shares.
- (ii) Apotheke is principally engaged in business of fragrances, beauty skincare and other related products through but not limited to departmental stores, digital marketing, e-commerce platform or marketplace and involving but not limited to maintain, operate or debug digital marketing and e-commerce platform in connection with any of the foregoing business.
- (iii) As at LPD, the director of Apotheke is Madam Leong Oi Heng.
- (iv) As at LPD, the sole shareholder of Apotheke is Madam Leong Oi Heng (500,000 ordinary shares representing 100% of the entire issued and share capital of the Company).

Proposed Acquisition

HWGB Capital is desirous in acquiring such number of ordinary shares in Apotheke (“Sale Shares”) representing 55% of the entire issued share capital of Apotheke from the Vendor (“Proposed Acquisition” subject to the terms set out in the Definitive Agreement (hereinafter defined) to be entered into, the principal terms and conditions of which are set out in the Memorandum.

PART A (continued)

9. The Status of Corporate Proposals *(continued)*

(b) Memorandum of Understanding entered into between HWGB Capital Sdn Bhd (“HWGB Capital”) (formerly known as HWG Fintech Capital Sdn Bhd) and Madam Leong Oi Heng for the Proposed Acquisition of shares in Advanced Apotheke Sdn Bhd *(continued)*

Salient Terms of Memorandum

- (i) The purpose of the Parties entering into the Memorandum is to record the Parties’ intentions with respect to the Proposed Acquisition and to capture the salient terms in a conditional sale and purchase agreement or such other agreement to be executed between the Vendor and the Purchaser (“Definitive Agreement”) which shall incorporate the salient terms set out in the Memorandum (as may be varied between the Parties) and the other terms and conditions in the Definitive Agreement to be mutually agreed between the Parties.
- (ii) The Parties agree that the total purchase price for the Sale Shares shall be a price to be agreed between the Parties and stipulated in the Definitive Agreement to be entered into between the Parties. The total purchase price shall be paid by the Purchaser to the Vendor in the following manner:
 - A refundable deposit of Ringgit Malaysia Two Hundred and Fifty Thousand (RM250,000.00) which is paid by the Purchaser to the Vendor within a period of 3 months from the date of the Memorandum (“Deposit”).
 - The balance purchase price is to be paid by the Purchaser to the Vendor in accordance with the terms of the Definitive Agreement to be entered into between the Parties within six (6) month period from the date the Memorandum or such extended period as may be agreed in writing by the Parties (“Validity Period”).
- (iii) The Parties agree to execute the Definitive Agreement within the Validity Period.
- (iv) The Parties acknowledged that the key objective of the Proposed Acquisition is for the Parties to expand the business and operations of Apotheke. As such, the Parties agree to discuss and negotiate further the future plans of the business(es) currently operated by Apotheke, terms and conditions of which will be included in the Definitive Agreement.
- (v) The Memorandum represents binding obligations of the Parties and shall take effect from the date of the Memorandum.



PART A (continued)

9. The Status of Corporate Proposals *(continued)*

- (b) **Memorandum of Understanding entered into between HWGB Capital Sdn Bhd (“HWGB Capital”) (formerly known as HWG Fintech Capital Sdn Bhd) and Madam Leong Oi Heng for the Proposed Acquisition of shares in Advanced Apotheke Sdn Bhd** *(continued)*

Due Diligence

- (i) Immediately upon the execution of the Memorandum, the Vendor shall allow the Purchaser to commence the Due Diligence on Apotheke.
- (ii) The Vendor agrees to promptly provide the Purchaser and its advisers with all such information and documents in relation to Apotheke, their/its businesses and affairs as may be requested by the Purchaser and its advisers relevant to the Proposed Acquisition.
- (iii) The Vendor shall undertake to provide full and frank disclosure of Apotheke and their/its businesses and financial affairs to the Purchaser and its advisers in order to facilitate the Due Diligence. The Vendor will further procure that the nominated representatives, advisers and/or consultants of the Purchaser will immediately upon the execution of the Memorandum be given all reasonable assistance and access at reasonable times to all premises, information, books and records pertaining to the businesses and affairs of Apotheke which may be reasonably required by the Purchaser and/or its nominated representatives, advisers and/or consultants.

Termination

The Memorandum may be terminated at the option of any Party by written notice to the other Party in the event that:

- (i) any Party commits any act of bankruptcy or becomes bankrupt or is wound-up; or
- (ii) any Party is in breach of any of the terms and conditions of the Memorandum and fails to take expeditious steps to remedy such breach within fourteen (14) days of receipt of notice from the non-defaulting Party(s) requiring the defaulting Party to remedy such breach.
- (iii) The Memorandum shall automatically terminate upon expiry of the Validity Period, or upon receipt by any Party of the notice to terminate from the other Party and/or the execution of the Definitive Agreement, whichever is the earlier.



PART A (continued)

9. The Status of Corporate Proposals *(continued)*

(b) Memorandum of Understanding entered into between HWGB Capital Sdn Bhd (“HWGB Capital”) (formerly known as HWG Fintech Capital Sdn Bhd) and Madam Leong Oi Heng for the Proposed Acquisition of shares in Advanced Apotheke Sdn Bhd *(continued)*

Termination *(continued)*

- (iv) For avoidance of doubt, the Parties agree that the execution of the Definitive Agreement shall be conditional upon the preparation, review and execution of relevant legal documentation acceptable to both the Purchaser and the Vendor. The Purchaser, in its absolute discretion, shall have the right to terminate the Memorandum by serving to the Vendor a 3-day notice of termination in writing, thereafter the Memorandum shall lapse and cease to have any further effect and none of the Parties shall have any further rights against the other(s).
- (v) Upon expiry or earlier termination of the Memorandum, the Vendor shall return the Deposit and all monies paid towards the total purchase price (free of interest) within thirty (30) days from the date thereof, failing which the Purchaser shall be entitled to charge an interest of 8% per annum on the amount due to the Purchaser up to the date of full settlement of the same.

Rationale

The Company had on 30 June 2020 diversified its existing businesses to include healthcare related business. The Memorandum provides the Company with an opportunity to expand its existing foothold in healthcare related business.

The eventual Proposed Acquisition between HWGB Capital and Vendor is expected to contribute positively to the future financial performance and profitability of the Group.

Financial Effects

The Memorandum is not expected to have any immediate material effect on the earnings, net assets, gearing, and share capital of HWGB. However, the Proposed Acquisition is expected to contribute positively to the earnings of HWGB upon the successful completion of the Proposed Acquisition.

Risk Factors

Save for the normal operational risk associated with the Memorandum which the Company would take appropriate measures to minimise them, the Company does not expect any other material risk arising from the Memorandum as the Memorandum is terminable at the option of HWGB Capital.



PART A (continued)

9. The Status of Corporate Proposals (continued)

- (b) **Memorandum of Understanding entered into between HWGB Capital Sdn Bhd (“HWGB Capital”) (formerly known as HWG Fintech Capital Sdn Bhd) and Madam Leong Oi Heng for the Proposed Acquisition of shares in Advanced Apotheke Sdn Bhd** (continued)

Approval Required

The Memorandum is not subject to the approval of HWGB’s shareholders and/or any regulatory authorities.

Interest of Directors, Major Shareholder and/or Person Connected to Them

None of the directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Memorandum.

Statement of Directors

The Board, having taken into consideration all aspects of the Memorandum, is of the opinion that the Memorandum is in the best interests of the Company.

Documents for Inspection

The Memorandum is available for inspection at the Registered Office of the Company at 1st Floor, Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur during normal business hours (except public holidays) for a period of three (3) months from the date of the Memorandum Announcement.

10. Segmental Reporting

Analysis of the Group’s segmental revenue, results, assets and liabilities for business segments for the financial period ended 30 June 2023 are as follows:



PART A (continued)

10. Segmental Reporting (continued)

Current 6 months period ended 30 June 2023	Investments RM'000	Moulded Power Supply Cords Sets RM'000	Healthcare RM'000	Travel Services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Segmental revenue by strategic/functional division units							
External revenue	67	98,957	43	247	99,314	-	99,314
Inter-segment revenue	-	-	-	-	-	-	-
	<u>67</u>	<u>98,957</u>	<u>43</u>	<u>247</u>	<u>99,314</u>	<u>-</u>	<u>99,314</u>
Segmental revenue by regions							
Malaysia	67	548	43	247	905	-	905
The rest of Asia	-	9,283	-	-	9,283	-	9,283
North America	-	89,126	-	-	89,126	-	89,126
	<u>67</u>	<u>98,957</u>	<u>43</u>	<u>247</u>	<u>99,314</u>	<u>-</u>	<u>99,314</u>
Results							
Profit/(Loss) from operations	(2,839)	5,795	(256)	(58)	2,642	-	2,642
Finance income	19	5	-	-	24	-	24
Finance costs	(290)	(566)	-	-	(856)	-	(856)
Profit/(Loss) before income tax expense	(3,110)	5,234	(256)	(58)	1,810	-	1,810
Income tax expense	-	(1,249)	-	-	(1,249)	-	(1,249)
Net profit/(loss) for the period	(3,110)	3,985	(256)	(58)	561	-	561
Non-controlling interests	35	-	-	-	35	-	35
Net profit/(loss) attributable to owners of the Company	(3,075)	3,985	(256)	(58)	596	-	596
Assets and liabilities as at 30 June 2023							
Segment assets - Consolidated total assets	110,179	139,551	4,261	-	253,991	(93,284)	160,707
Segment liabilities - Consolidated total liabilities	18,273	85,660	13,661	-	117,594	(34,903)	82,691
Segmental non-current assets by regions as at 30 June 2023							
Malaysia	83,949	-	20	-	83,969	(73,437)	10,532
The rest of Asia	-	22,044	-	-	22,044	8,024	30,068
	<u>83,949</u>	<u>22,044</u>	<u>20</u>	<u>-</u>	<u>106,103</u>	<u>(65,413)</u>	<u>40,600</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

- (a) On 27 February 2023, the Company disposed off its entire direct shareholding of 5,968,999 ordinary shares representing 99.5% shareholding in Ho Wah Genting Holiday Sdn. Bhd. (“HWG Holiday”) and 1 ordinary share held indirectly by the Company’s wholly owned subsidiary Dviria Nano Tech Sdn. Bhd. to two (2) non related parties for a total cash consideration of RM160,000. HWG Holiday has an issued and paid up capital of RM6,000,000 represented by 6,000,000 ordinary shares. HWG Holiday is principally engaged in the business of travel agent and those related services.

HWG Holiday has a wholly owned subsidiary, namely HWG Travel (MM2H) Sdn. Bhd. (“HWG Travel MM2H”) with issued and paid-up capital of RM50,000 represented by 50,000 ordinary shares. HWG Travel MM2H is principally engaged in rendering personalised services such as immigration matters under the “Malaysia My Second Home” Programme and other related services to any person setting up their second home in Malaysia.

Consequence to the disposal, both HWG Holiday and HWG Travel MM2H has ceased to be a direct and indirect subsidiary of the Company with effective from the date of disposal.

- (b) On 29 March 2023, the Company disposed off its entire direct shareholding of 65,000 ordinary shares representing 65% shareholding in HWGB EV Sdn Bhd (“HWGB EV”) to a non-related party for a cash consideration of RM2. HWGB EV has an issued and paid up capital of RM100,000 represented by 100,000 ordinary shares. HWGB EV is principally engaged as dealers, distributors and/or seller of particularly but not restricted to assembled electric motor vehicles or motor vehicles of all descriptions. As at the date of disposal, HWGB EV is still an inactive company.

Consequence to the disposal, HWGB EV has ceased to be a subsidiary of the Company with effective from the date of disposal.



PART A (continued)

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 (continued)

1. Group’s Financial Performance Review And Segmental Analysis

A. Summary and Commentary on Statement of Comprehensive Income of the Group

	Individual Quarter (Second Quarter) Current Year Quarter 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarters (Year to-date) Current Year todate 01/01/2023 to 30/06/2023 RM’000
Revenue	58,625	99,314
Profit from operations	2,688	2,642
Profit before interest and taxation	2,688	2,642
Profit before taxation	2,099	1,810
Profit after taxation	1,289	561
Profit attributable to owners of the Company	1,289	596

The Group recorded a revenue of RM99.31 million for the financial period ended 30 June 2023. The Group’s revenue is mainly derived from the Moulded Power Supply Cord Sets Division in Indonesia which represented approximately 99.6% of the total revenue of the Group. The average exchange rate used for the financial period ended 30 June 2023 was RM4.4585/USD.

The Group posted a profit before taxation of RM1.81 million in the current financial period and were mainly derived from the following:

- (a) Profit before taxation of RM5.23 million from Moulded Power Supply Cords Sets Division;
- (b) Loss before taxation of RM0.06 million from the Travel Services Division;
- (c) Loss before taxation of RM0.26 million from the Healthcare Division; and
- (d) Loss before taxation of RM3.08 million from the Investment Division

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

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

B. Summary and Commentary on the Statement of Financial Positions of the Group

	Unaudited 30/06/2023 RM’000	Audited 31/12/2022 RM’000	Changes RM’000	%
Non-current assets	40,600	40,285	315	0.8
Current assets	120,107	91,279	28,828	31.6
Current liabilities	(68,838)	(44,584)	22,254	49.9
Non-current liabilities	(13,853)	(12,770)	1,083	8.5
Equity attributable to owners of the Company	(78,016)	(74,181)	3,835	5.2
Non-controlling interest	-	(29)	(29)	-100.0
Total equity	(78,016)	(74,210)	3,806	5.1

Figures in bracket denotes credit balances

The increase of RM0.32 million or 0.8% in non-current assets were mainly due to the following:

- (a) Purchase of plant and equipment of RM1.05 million, right of use assets of RM0.21 million and intangibles of RM0.04 million;
- (b) Depreciation of property, plant and equipment of RM1.97 million and right of use assets of RM0.08 million respectively;
- (c) Non-current assets for disposed subsidiaries of RM0.36 million
- (d) Net increase in exchange differences of RM1.42 million from the conversion of a foreign subsidiary.

The increase of RM28.83 million or 31.6% in current assets were mainly due to the following:

- (a) Increase in trade receivables of RM5.89 million from Moulded Power Supply Cord Sets Division;
- (b) Increase in other receivables and prepayment of RM3.95 million for the purchase of raw materials and plant and machinery from the Moulded Power Supply Cord Sets Division;
- (c) Increase in inventories of work-in-progress and finished goods of RM31.87 million of the Moulded Power Supply Cord Sets Division;
- (d) Current assets for disposed subsidiaries of RM0.30; and
- (e) Decrease in cash and bank balances of RM12.79 million

The increase of RM22.25 million or 49.9% in current liabilities were mainly due to the following:

- (a) Increase in trade payables of RM1.05 million for the Moulded Power Supply Cord Sets Division;
- (b) Increase in other payables for the Company from non-related party advances of RM4.5 million;
- (c) Decrease in tax payable of RM1.78 million for a foreign subsidiary;
- (d) Current liabilities for disposed subsidiaries of RM0.2 million and
- (e) Increase in short term and trade financing borrowings of RM18.77 million.

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

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

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

The increase in non-current liabilities of RM1.08 million or 8.5% were mainly due to the following:

- (a) Increase in retirement benefits obligation of RM0.56 million for a foreign subsidiary;
- (b) Increase in long term borrowings of RM0.49 million; and
- (c) Increase in long term lease liabilities of RM0.07 million;

The increase in “equity attributable to owners of the Company” of RM3.84 million or 5.2% were from the total comprehensive income attributable to the owners of the Company for the period.

The decrease in non-controlling interest (“NCI”) from RM29,000 to RMnil were due to the share of losses by NCI and the disposal of subsidiaries during the financial period.

The increase in “total equity” of RM3.81 million or 5.1% were due to similar reasons stated in the increase in equity attributable to owners of the Company and the decrease in NCI above.

C. Summary and Commentary on the Group’s Statement of Cash Flows

	Unaudited 01/01/2023 to 30/06/2023 RM’000
Net cash used in operating activities	(32,174)
Net cash used in investing activities	(1,294)
Net cash from financing activities	17,648
Exchange difference	3,030
Net decrease in cash and cash equivalents	(12,790)

The “net cash used in operating activities” for the current financial period ended 30 June 2023 of RM32.17 million were mainly due to the following:

- (a) Net cash from “operating profit before working capital changes” of RM3.93 million;
- (b) Negative net change in inventories of RM31.87 million;
- (c) Negative net change in trade and other receivables of RM10.07 million;
- (d) Positive net change in trade and other payables of RM7.90 million;
- (e) Payment of income tax of RM1.18 million;
- (f) Payment of retirement benefits of RM0.06 million; and
- (g) Net interest paid of RM0.83 million.

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

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

C. Summary and Commentary on the Group’s Statement of Cash Flows (continued)

The “net cash used in investing activities” of RM1.29 million were due to the following:

- (a) Purchase of plant and equipment of RM1.05 million, rights of use assets of RM0.21 million and intangible assets of RM0.04 million; and
- (b) Proceeds from disposal of subsidiaries of RM0.16 million and net cash outflow from the disposal of subsidiaries of RM0.15 million.

The “net cash from financing activities” of RM17.65 million were due to the following:

- (a) Net proceeds from trade financing facilities of RM16.93 million;
- (b) Drawdown of RM0.85 million term loan by the Moulded Power Supply Cord Sets Division to part finance the purchase of plant and machineries; and
- (c) Repayment of term loans of RM0.24 million and lease liabilities of RM0.09 million.

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

	Individual Quarter	Cumulative Quarters
	3 Months	6 Months
	01/04/2023	01/01/2023
Summary of	to	to
revenue by regions	30/06/2023	30/06/2023
	USD’000	USD’000
Sales to external parties		
North America	11,796	19,990
Malaysia	-	123
The rest of Asia	1,203	2,082
	12,999	22,195

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

The sales to North America was USD19.99 million, Malaysia was USD0.12 million and to the rest of Asia was USD2.08 million. The average copper price purchased for the financial period was USD9,040 per metric tonne (“MT”).

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)

I. Moulded Power Supply Cord Sets Division (continued)

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 USD’000	Cumulative Quarters 6 Months 01/01/2023 to 30/06/2023 USD’000
Summary of results		
Revenue	12,999	22,195
Operating profit	861	1,300
Profit before interest and taxation	861	1,300
Profit before taxation	767	1,174
Profit after taxation	587	894
Profit attributable to owner of the Company	<u>587</u>	<u>894</u>

The Moulded Power Supply Cord Sets Division posted a profit before taxation of USD1.17 million for the financial period ended 30 June 2023.

II. Healthcare Division

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarters 6 Months 01/01/2023 to 30/06/2023 RM’000
Summary of results		
Revenue	14	43
Operating loss	(69)	(256)
Loss before interest and taxation	(69)	(256)
Loss before taxation	(69)	(256)
Loss after taxation	(69)	(256)
Loss attributable to owner of the Company	<u>(69)</u>	<u>(256)</u>

The Healthcare Division recorded a revenue of RM0.04 million and a loss before taxation of RM0.26 million for the financial period ended 30 June 2023.



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

	Individual Quarter	Cumulative Quarters
	3 Months	6 Months
	01/04/2023	01/01/2023
	to	to
Summary of results	30/06/2023	30/06/2023
	RM’000	RM’000
Revenue	-	247
Operating loss	-	(58)
Loss before interest and taxation	-	(58)
Loss before taxation	-	(58)
Loss after taxation	-	(58)
Loss attributable to owner of the Company	-	(58)

The Travel Services Division recorded a revenue of RM0.25 million and a loss before taxation of RM0.06 million for the period from 01 January 2023 to 27 February 2023.

As stated in Part A Note 13 (a) “Changes in the Composition of the Group”, the Travel Services Division which consist of Ho Wah Genting Holiday Sdn Bhd and HWG Travel (MM2H) Sdn Bhd had ceased to become a direct and indirect subsidiaries of the Company with effective from the date of disposal on 27 February 2023.

IV. Investment Division

Investment Division consists of the Company, investment holding subsidiaries and inactive subsidiaries. The Investment Division recorded a loss before taxation of RM3.08 million.

At Company level, the Company recorded a loss before taxation of RM3.95 million.

In the opinion of the Directors, other than those disclosed above, the results for the current financial period ended 30 June 2023 have not been affected by any transactions or events of a material or unusual nature which have arisen from 30 June 2023 to the date of issue of this quarterly report.

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

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

(Individual 2nd Quarter 2023 from 01 April 2023 to 30 June 2023 vs Individual 1st Quarter from 01 January 2023 to 31 March 2023)

The Group recorded a higher revenue of RM58.63 million (1Q 2023: RM40.69 million) an increase of RM17.94 million or 44.1%. The higher revenue was due to sales of USD13.00 million (1Q 2023: USD9.20 million) from the Moulded Power Supply Cord Sets Division’s higher demand from existing customers.

The Group posted a profit before taxation of RM2.10 million (1Q 2023: Loss before taxation RM0.29 million). The turnaround from loss before taxation to profit before taxation were mainly due to the following:

- (i) Higher profit before taxation of RM3.45 million (1Q 2023: RM1.79 million) posted by the Moulded Power Supply Cord Sets Division;
- (ii) Lower loss before taxation of RM0.07 million (1Q 2023: RM0.19 million) incurred by the Healthcare Division.
- (iii) Lower loss before taxation of RM1.28 million (1Q 2023: RM1.83 million) incurred by the Investment Division;

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 United States of America (“USA”) market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, high fluctuation of copper price and rising cost of materials and components.

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 economic outlook is full of challenges due to high inflation rates and aggressive monetary policy tightening in major economies, fears of recession in USA and further escalation of geopolitical tensions.

The re-opening of all international borders worldwide including China, after the endemic will boost up the tourism industry and this will increase the revenue of the Group’s 49% associate Dufry HWG Shopping Sdn Bhd., which operate a sole travel retail outlet in Sky Avenue Mall, Genting Highlands. Also, the weakening of RM against major currencies may encourage foreign tourists to choose Malaysia as their choice of holiday destination.

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

3. Commentary on Prospects (continued)

The world including Malaysia has moved towards endemic phase and is slowly recovering from the COVID-19 pandemic impact with the re-opening of all international borders and providing less stringent Standard Operational Procedures (“SOPs”) for COVID-19 spreading preventions. These may have a negative impact to the Group’s Healthcare Division’s revenue as most individuals will focus less on healthcare products and/or services. In additions, the rising of cost of living and interest rates may reduce the consumer spending.

The Group is expecting a challenging operating and financial performance for the financial year ending 31 December 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 period ended 30 June 2023.

5. Profit from operations

Profit from operations is derived at:

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarter 6 Months 01/01/2023 to 30/06/2023 RM’000
After charging:		
Amortisation of intangible assets	1	2
Bad debts written off	20	20
Retirement benefit obligations	149	294
Depreciation – Property, plant and equipment	771	1,966
Depreciation – Right of use assets	43	84
Expenses related to short term leases	28	67
Loss on foreign exchange - Realised	173	366
Loss on foreign exchange - Unrealised	(34)	77
And crediting:		
Gain on disposal of subsidiaries	-	36
Gain on foreign exchange – Realised	247	248
Gain on foreign exchange - Unrealised	1,005	1,116

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

6. Finance income

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarter 6 Months 01/01/2023 to 30/06/2023 RM’000
Interest income		
- bank accounts	14	24
	<u>14</u>	<u>24</u>

7. Finance costs

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarter 6 Months 01/01/2023 to 30/06/2023 RM’000
Interest expense		
– trade finance	407	552
– term loans	77	140
– hire purchase leases	5	11
– other leases	1	2
- Interest on non-related party advances	113	151
	<u>603</u>	<u>856</u>

8. Income tax expense

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

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM’000	Cumulative Quarter 6 Months 01/01/2023 to 30/06/2023 RM’000
a. Expected income tax payable		
(i) Current income tax expense		
- Malaysia	-	-
- Overseas	(810)	(1,249)
	<u>(810)</u>	<u>(1,249)</u>
(ii) Over/(Under) provision in prior year		
- Malaysia	-	-
- Overseas	-	-
	<u>-</u>	<u>-</u>

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

8. Income tax expense (continued)

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023 RM'000	Cumulative Quarter 6 Months 01/01/2023 to 30/06/2023 RM'000
b. Deferred tax		
(i) Current year		
- Malaysia	-	-
- Overseas	-	-
	<u>-</u>	<u>-</u>
(ii) Over/(Under) provision in prior year		
- Malaysia	-	-
- Overseas	-	-
	<u>-</u>	<u>-</u>
Total	<u>(810)</u>	<u>(1,249)</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 30 June 2023.

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 June 2023 is as follows:

	Unaudited 30/06/2023 RM'000	Audited 31/12/2022 RM'000
Unquoted shares at cost		
At beginning/end of periods	<u>1,127</u>	<u>1,127</u>
	Unaudited 30/06/2023 RM'000	Audited 31/12/2022 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.

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

10. Investment in an associate (continued)

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

(a) Summarised statement of comprehensive income

	Unaudited 01/01/2023 to 30/06/2023 RM’000	Audited 01/01/2022 to 31/12/2022 RM’000
Revenue	3,491	4,790
Loss before tax	(2,439)	(5,557)
Net loss/Total comprehensive loss	<u>(2,439)</u>	<u>(5,557)</u>

(b) Summarised statement of financial position

	Unaudited 30/06/2023 RM’000	Audited 31/12/2022 RM’000
Assets		
Non-current assets	7,145	9,052
Current assets	5,188	5,754
Total assets	<u>12,333</u>	<u>14,806</u>
Liabilities		
Non-current liabilities	8,169	7,219
Current liabilities	27,490	28,474
Total liabilities	<u>35,659</u>	<u>35,693</u>
Net liabilities	<u>(23,326)</u>	<u>(20,887)</u>

11. Group Borrowings and Debt Securities

	As at 30 June 2023					
	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	-	2,925	-	205	-	3,130
Term Loan 2	-	876	-	182	-	1,058
Term Loan 3*	143	670	32	149	175	819
Trade financing*	-	-	7,030	32,794	7,030	32,794
	143	4,471	7,062	33,330	7,205	37,801
Lease liabilities						
Hire purchase leases	-	483	-	176	-	659
Other leases	-	15	-	12	-	27
	-	498	-	188	-	686
	143	4,969	7,062	33,518	7,205	38,487

* USD1.0000 is equivalent to RM4.6650

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

11. Group Borrowings and Debt Securities (continued)

	As at 31 December 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	-	3,055	-	200	-	3,255
Term Loan 2	-	968	-	176	-	1,144
Trade financing*	-	-	3,232	14,189	3,232	14,189
	-	4,023	3,232	14,565	3,232	18,588
Lease liabilities						
Hire purchase liabilities	-	396	-	146	-	542
Other lease liabilities	-	29	-	21	-	50
	-	425	-	167	-	592
	-	4,448	3,232	14,732	3,232	19,180

* USD1.0000 is equivalent to RM4.3900

12. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 21 August 2023, 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 period ended 31 December 2022.

14. Material Litigation

There is no material litigation for the Group as at 21 August 2023, being the latest practicable date.

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

The proposed and actual utilisation of RM6,899,959 proceeds raised from the Tranche 1 of Private Placement of 25,517,600 new ordinary shares at an issue price of RM0.2704 each, which was completed on 16 August 2023 are as follows:

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

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

Details of utilisation	Proposed utilisation RM'000	Allocation of funds raised from Tranche 1 RM'000	Actual utilisation as at 21/08/2023 RM'000	Balance RM'000	Estimated timeframe for utilisation from listing of Placement Shares
General working capital	6,260	766	-	766	Within 12 months
Repayment of existing financing facilities	864	864	-	864	Within 12 months
Repayment of interest-bearing advances from a non-related party	4,500	4,500	(4,500)	-	Within 3 months
Acquisition and/or investment in complementary businesses and/or assets	2,000	-	-	-	Within 12 months
Estimated expenses relating to the corporate proposals	770	770	(770)	-	Upon completion
	14,394	6,900	(5,270)	1,630	

16. Earnings Per Share

Basic

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023	Cumulative Quarters 6 Months 01/01/2023 to 30/06/2023
Profit attributable to owners of the Company (RM'000)	1,289	596
Weighted average number of ordinary shares - Basic ('000)	662,578	662,578
Basic (sen)	0.19	0.09



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

16. Earnings Per Share (continued)

Diluted

	Individual Quarter 3 Months 01/04/2023 to 30/06/2023	Cumulative Quarters 6 Months 01/01/2023 to 30/06/2023
Profit attributable to owners of the Company (RM'000)	1,289	596
Add:		
Notional interest savings due to repayment of bank borrowings (RM'000)	-	-
Adjusted profit attributable to owners of the Company (RM'000)	<u>1,289</u>	<u>596</u>
Weighted average number of ordinary shares – Basic ('000)	662,578	662,578
Assuming the conversion of ESOS ('000)	-	-
Weighted average number of ordinary shares – Diluted ('000)	<u>662,578</u>	<u>662,578</u>
Diluted (sen)	<u>0.19</u>	<u>0.09</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 no ESOS of the Company is exercised as all the Tranches of 1, 2, 3, 4 and 5 are “out-of-the-money”. There is no adjustment made by adding notional interest savings to arrive at the profit attributable to equity holders of the Company as no repayment of bank borrowings is made due to no exercise of ESOS into new ordinary shares.

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

Date: 28 August 2023