

**HONG SENG CONSOLIDATED BHD** 200101001581 (537337-M)  
*(FORMERLY KNOWN AS MSCM HOLDINGS BHD)*

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED  
30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter 30.09.2020	Quarter 30.09.2019	Year-to-date 30.09.2020	Year-to-date 30.09.2019
		RM	RM	RM	RM
Revenue		529,735	1,323,029	1,058,086	3,344,171
Cost of sales		(323,530)	(462,107)	(559,250)	(1,248,517)
Gross profit		206,205	860,922	498,836	2,095,654
Other income		2,018,997	1,367,932	2,025,134	1,634,195
Interest income		257,944	3,900	524,876	5,629
Impairment gain on financial assets		292,181	-	426,210	-
Administration expenses		(1,160,512)	(1,282,026)	(1,793,644)	(2,371,169)
Other expenses		(11,667)	-	(67,486)	-
Finance cost		(173,749)	-	(185,898)	(1,699)
Profit before taxation		1,429,399	950,728	1,428,028	1,362,610
Taxation		-	(7,539)	-	(7,539)
Profit for the financial period		1,429,399	943,189	1,428,028	1,355,071
Other comprehensive loss		-	(216,895)	-	(457,284)
Total comprehensive profit for the financial period		1,429,399	726,294	1,428,028	897,787
<b>Profit attributable to:-</b>					
Owners of the Company		1,429,399	943,189	1,428,028	1,355,071
Non-controlling interest		-	-	-	-
		1,429,399	943,189	1,428,028	1,355,071
<b>Total comprehensive profit attributable to:-</b>					
Owners of the Company		1,429,399	726,294	1,428,028	897,787
Non-controlling interest		-	-	-	-
		1,429,399	726,294	1,428,028	897,787
Earning per share attribute to equity holders of the Company (sen)					
-Basic	<b>B10</b>	0.33	0.36	0.38	0.51

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

	<b>As at 30.09.2020 (Unaudited) RM</b>	<b>As at 31.03.2020 (Audited) RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	902,864	1,668,922
Investment in an associate company	2,000,000	-
Other investments	9,432,787	9,432,787
Contract costs	-	74,152
<b>Total non-current assets</b>	<b>12,335,651</b>	<b>11,175,861</b>
<b>Current assets</b>		
Trade receivables	23,980,510	801,962
Other receivables	13,007,493	356,590
Contract costs	270,950	286,081
Tax recoverable	91,013	9,176
Other investments	25,020	31,849
Fixed deposits with licensed banks	43,629,298	30,282,500
Cash and bank balances	23,854,849	22,581,715
<b>Total current assets</b>	<b>104,859,133</b>	<b>54,349,873</b>
<b>TOTAL ASSETS</b>	<b>117,194,784</b>	<b>65,525,734</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	471	-
Lease liabilities	608,119	663,584
Contract liabilities	29,323	205,429
<b>Total non-current liabilities</b>	<b>637,913</b>	<b>869,013</b>
<b>Current liabilities</b>		
Trade payables	4,172,893	404,668
Other payables	18,857,954	1,072,593
Contract liabilities	407,769	565,916
Lease liabilities	184,247	195,376
Bank borrowings	642,642	1,090,295
Provision for taxation	211	211
<b>Total current liabilities</b>	<b>24,265,716</b>	<b>3,329,059</b>
<b>TOTAL LIABILITIES</b>	<b>24,903,629</b>	<b>4,198,072</b>

**HONG SENG CONSOLIDATED BHD** 200101001581 (537337M)  
(FORMERLY KNOWN AS MSCM HOLDINGS BERHAD)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020 (CON'T)**

	<b>As at 30.09.2020 (Unaudited) RM</b>	<b>As at 31.03.2020 (Audited) RM</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	85,527,252	46,146,632
Irredeemable convertible preference shares	29,977,698	39,822,853
Share option reserve	66,394	66,394
Fair value reserve	(950,588)	(950,588)
Accumulated losses	<u>(22,329,601)</u>	<u>(23,757,629)</u>
	92,291,155	61,327,662
Non-controlling interests	-	-
<b>Total equity</b>	<u>92,291,155</u>	<u>61,327,662</u>
 <b>TOTAL EQUITY AND LIABILITIES</b>	 <u><b>117,194,784</b></u>	 <u><b>65,525,734</b></u>
 Net asset per share attributable to owners of the Company (RM)	 <u>0.2142</u>	 <u>0.1925</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the quarterly report.

**HONG SENG CONSOLIDATED BHD** 200101001581 (537337M)  
(FORMERLY KNOWN AS MSCM HOLDINGS BERHAD)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	<----- Attributable To Owners of the Company ----->					<----- Non-Distributable -----> Distributable	
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total equity RM
<b>At 1 April 2019</b>	32,872,348	-	67,802	(556,873)	(161,656)	(15,233,966)	16,987,655
Net profit for the financial period	-	-	-	-	-	1,355,071	1,355,071
Other comprehensive loss for the period	-	-	-	-	(457,284)	-	(457,284)
Total comprehensive (loss)/profit for the period	-	-	-	-	(457,284)	1,355,071	897,787
<b>Transaction with owners:</b>							
Reversal of share-based payment under ESOS	-	-	(1,408)	-	-	-	(1,408)
<b>Balance at 30 September 2019</b>	32,872,348	-	66,394	(556,873)	(618,940)	(13,878,895)	17,884,034
<b>At 1 April 2020</b>	46,146,632	39,822,853	66,394	(950,588)	-	(23,757,629)	61,327,662
Net profit for the financial year	-	-	-	-	-	1,428,028	1,428,028
Other comprehensive profit for the period	-	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	-	1,428,028	1,428,028
<b>Transactions with owners:</b>							
Conversion of irredeemable convertible preference shares	39,380,620	(9,845,155)	-	-	-	-	29,535,465
<b>Balance at 30 September 2020</b>	85,527,252	29,977,698	66,394	(950,588)	-	(22,329,601)	92,291,155

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the quarterly report.

**HONG SENG CONSOLIDATED BHD** 200101001581 (537337M)  
(FORMERLY KNOWN AS MSCM HOLDINGS BERHAD)

**CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	<b>Current Year Quarter 30.09.2020 RM</b>	<b>Preceding Year Quarter 30.09.2019 RM</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	1,428,028	1,362,610
Adjustments for:-		
Non-cash items	(2,260,539)	105,306
Non-operating items	(434,531)	1,699
<b>Operating (loss)/income before working capital changes</b>	(1,267,042)	1,469,615
Net changes in current assets	(12,080,228)	618,649
Net changes in current liabilities	175,025	50,432,562
<b>Cash (used in)/from operations</b>	(13,172,245)	52,520,826
Interest paid	(22,859)	(1,699)
Income tax refund	-	201,344
Income tax paid	(13,373)	(705)
<b>Net cashflow (used in)/from operating activities</b>	(13,208,477)	52,719,766
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary company	(240,539)	-
Interest received	524,876	-
Investment in an associate company	(2,000,000)	-
Purchase of property, plant and equipment	(3,975)	(146,926)
Proceeds from disposal of property, plant and equipment	520,000	-
<b>Net cashflow used in investing activities</b>	(1,199,638)	(146,926)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	29,535,465	-
Repayment of lease liabilities	(66,594)	(42,107)
<b>Net cashflow from/(used in) financing activities</b>	29,468,871	(42,107)
Net changes in cash and cash equivalents	15,060,756	52,530,733
Effect on exchange rate differences	-	(466,099)
Cash and cash equivalents at beginning of period	51,747,488	2,534,689
Cash and cash equivalents at end of period	66,808,244	54,599,323
<b>Analysis of cash and cash equivalents</b>		
Other investments	25,020	47,105
Bank borrowings	(642,642)	(1,371,570)
Fixed deposits	43,629,298	58,281
Cash and bank balances	23,854,849	55,923,788
	66,866,525	54,657,604
Less: Fixed deposits pledged	(58,281)	(58,281)
	66,808,244	54,599,323

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the quarterly report.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of Hong Seng Consolidated Berhad (formerly known as MSCM Holdings Berhad) (“Hong Seng” or the “Company”) and its subsidiary companies (“Group”) for the financial year ended 31 March 2020.

The accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2020 except for the adoption of the new and revised MFRSs which are mandatory for financial periods beginning on or after 1 April 2020.

**A2. Qualification of financial statements**

The auditors’ report of the preceding financial statements for the financial year ended 31 March 2020 was not subject to any audit qualification.

**A3. Seasonal or cyclical factors**

The business of the Group was not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

**A4. Unusual items due to their nature, size or incidence**

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

**A5. Significant estimates and changes in estimates**

There were no changes in the estimates of amounts reported in the prior financial period, which have a material effect in the current quarter under review.

**A6. Debts and equity securities**

On 7 August 2020, 27 August 2020, 8 September 2020, 14 September 2020 and 28 September 2020, there are total of 196,903,100 ordinary shares have been issued pursuant to the conversion of 196,903,100 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary shares.

Other than above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

**A7. Dividends paid**

There was no dividend paid during the current quarter under review.

**A8. Segmental information**

The Group's segment report is presented based on its operating segments as follows:-

Segment revenue	Individual Period		Cumulative Period	
	Quarter ended	Quarter ended	Year-to-date ended	Year-to-date ended
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	329	1,323	857	3,320
Financial services	201	-	201	-
Investment holding & others	-	-	-	24
Less: Inter-segment revenue	-	-	-	-
Consolidated revenue	530	1,323	1,058	3,344

  

Segment results	Individual Period		Cumulative Period	
	Quarter ended	Quarter ended	Year-to-date ended	Year-to-date ended
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	(34)	1,174	174	1,756
Financial services	(45)	-	(45)	-
Investment holding & others	1,508	(223)	1,299	(393)
Consolidated profit before tax	1,429	951	1,428	1,363

**A9. Valuation of property, plant and equipment**

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

**A10. Material events during the interim period**

The following were the material events during the financial period ended 30 September 2020:-

- (i) On 5 August 2020, the Board of Directors announced that the Company proposes to seek its shareholders' approval to change the name of the Company from MSCM Holdings Berhad to Hong Seng Consolidated Berhad at a general meeting to be convened on a date to be announced;
- (ii) On 5 August 2020, the Board of Directors announced that the Company had issued a Letter of Intent ("LOI") to eMedAsia Sdn. Bhd. ("eMedAsia"), which was accepted by eMedAsia, indicating the Company's interest to invest a total of RM2.0 million for a 20% stake in eMedAsia and to be eMedAsia's exclusive fourth party logistic ("4PL") service provider.
- (iii) On 10 August 2020, the Board of Directors announced that its wholly-owned subsidiary, Hong Seng Gloves Sdn. Bhd. ("HSGSB") had on 10 August 2020 entered into a conditional tenancy agreement ("Agreement") with a related party, HS Vision One Sdn. Bhd. to rent 4 blocks of single-storey factory building, a single-storey office building and a single-storey canteen erected on a parcel of leasehold land measuring approximately 217,800 square feet held under H.S.(M) 19719, PT 8573 in Lot 97, Jalan Sepuluh, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, upon the terms and conditions mutually agreed upon and stipulated in the Agreement;



**A10. Material events during the interim period (Cont'd)**

The following were the material events during the financial period ended 30 September 2020 (Cont'd):-

- (iv) On 12 August 2020, the Company and eMedAsia had on 12 August 2020 agreed that Hong Seng's rights, duties and obligations as provided in the LOI shall be granted and assigned to its 51% owned subsidiary, namely HS Bio Supplies Sdn. Bhd. (formerly known as HC MSC Sdn. Bhd.) ("HS Bio");
- (v) On 25 August 2020, the Board of Directors of announced that HSGSB, a wholly-owned subsidiary of the Company has on 25 August 2020 entered into a Turnkey Commissioning of Nitrile Butadiene Rubber Double Former Glove Dipping Production Line Agreement with Howellcare Industries Sdn. Bhd. for a total cash price of RM59,400,000.00;
- (vi) On 28 August 2020, HS Bio has on 28 August 2020 entered into a 3rd and 4th Party Logistics Services And Subscription Agreement with eMedAsia;
- (v) On 15 September 2020, the Board of Director announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares, representing not more than 10% shares in issue (excluding treasury shares) ("Proposed Private Placement"); and
- (vi) On 21 September 2020, the Board of Directors of Hong Seng announced that the additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities.

**A11. Material events subsequent to the end of the interim period**

The following were the material events subsequent to the financial period ended 30 September 2020:-

- (i) On 1 October 2020, the Board of Directors announced that the Company has changed its name to Hong Seng Consolidated Berhad with effect from 30 September 2020, being the date of the Notice of Registration on Change of Name of Company issued by the Companies Commission of Malaysia;
- (ii) On 5 October 2020, the Board of Directors announced that HS Bio, a 51% owned subsidiary of the Company, has on 5 October 2020 entered into a Consortium Agreement with RP Integrated Berhad to jointly work together and to form an unincorporated consortium for the purposes to pursue distributorship and opportunities relating to medicinal drugs and vaccines from the People's Republic of China;
- (iii) On 7 October 2020, total of 2,188,000 ordinary shares have been issued pursuant to the conversion of 2,188,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (iv) On 8 October 2020, the Board of Directors announced that Bursa Securities had, vide its letter dated 7 October 2020, resolved to approve the listing and quotation of up to 127,500,500 new shares to be issued pursuant to the Proposed Private Placement;
- (v) On 12 October 2020, the Board of Directors announced that the Company had on 12 October 2020 entered into a Share Sale Agreement ("SSA") with United ICT Consortium Sdn. Bhd. ("UIC"), a wholly-owned subsidiary of MMAG Holdings Berhad ("MMAG") for the proposed acquisition of 49% of the entire equity interest in HS Bio, comprising 1,029,000 ordinary shares for a cash consideration of RM980,001.00 only;
- (vi) On 19 October 2020, total of 600,000 ordinary shares have been issued pursuant to the exercise of 600,000 ESOS by the way of conversion of 1 unit ESOS with payment of RM0.35 in cash for 1 new ordinary share;
- (vii) On 20 October 2020, the Board of Directors announced that HS Bio had on 20 October 2020 entered into a SSA with Norashikin Binti Tajuddin and Lee Yeow Tuck for the acquisition of 51% of the equity interest in Pantasniaga Sdn Bhd ("Pantasniaga"), comprising 51,000 ordinary shares in Pantasniaga for a cash consideration of RM51.00 only.

**A11. Material events subsequent to the end of the interim period (Cont'd)**

The following were the material events subsequent to the financial period ended 30 September 2020 (Cont'd):-

- (viii) On 21 October 2020, total of 300,000 ordinary shares have been issued pursuant to the conversion of 300,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (ix) On 22 October 2020, the Board of Directors announced that the Company had on 22 October 2020 incorporated a wholly-owned subsidiary, namely HS Petchem Logistics Sdn. Bhd. ("HS Petchem") with an initial share capital of RM100.00 comprising 100 ordinary shares. HS Petchem is principally engaged in petrochemical business to construct and operate tank farm facilities for feedstocks storage such as Butadiene (BD), Acrylonitrile (AN) and Liquefied Natural Gas (LNG) as well as providing the related integrated logistics services to complement the existing businesses of Hong Seng Group;
- (x) On 30 October 2020, total of 50,000 ordinary shares have been issued pursuant to the conversion of 50,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (xi) On 4 November 2020, total of 350,000 ordinary shares have been issued pursuant to the conversion of 350,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (xii) On 4 November 2020, the Board of Directors announced that its wholly-owned subsidiary company, HS Bio has on 4 November 2020 entered into a Memorandum of Understanding ("MOU") with Shijiazhuang Yiling Pharmaceutical Co., Ltd ("Yiling Pharmaceutical") for Yiling Pharmaceutical to authorise HS Bio to act as their agent in Malaysia to obtain the relevant approvals for their therapeutic and health related products from Malaysia's Ministry of Health on behalf of Yiling Pharmaceutical. Currently, the Parties are collating documents from Yiling Pharmaceutical for the purposes of submission of the application to Malaysia's Ministry of Health to obtain the relevant approvals for the registration of Yiling Pharmaceutical's therapeutic and health related products in Malaysia. The Company is hopeful that the said submission can be made in November 2020 or latest by December 2020.
- (xiii) On 4 November 2020, the Board of Directors announced that its wholly-owned subsidiary company, HS Bio has on 4 November 2020 entered into a MOU with Beijing Applied Biological Technologies Co., Ltd ("XABT") to jointly work together for development of the technologies, products, services and total solutions related to the 2019-nCoV PCR test kit and other infrastructure development projects within the scope of cooperation as entailed in the MOU. HS Bio is expected to submit the application to Malaysia's Ministry of Health to obtain the relevant approvals for the registration of XABT's 2019-nCoV PCR test kit in Malaysia in December 2020. In the meantime, the Parties intend to bring in supplies under emergency access to aid the outbreak in Sabah.

**A12. Changes in composition of the Group**

Other than disclosed below, there were no major changes in the composition of the Group for the current quarter under review:-

- (i) On 28 July 2020, the Company entered into a SSA with Hong Seng Motor Sdn. Bhd., Hong Seng Assembly Sdn. Bhd., HS Hanvan Commercial Vehicles Sdn. Bhd. and HS Hoham Commercial Vehicles Sdn. Bhd. to acquire 2,000,000 ordinary shares in Hong Seng Priority Management Sdn. Bhd. (formerly known as IHP Priority Management Sdn. Bhd.) (“HSPMSB”) representing entire equity interest in HSPMSB for a total consideration of RM420,621.00 only. HSPMSB is principally engaged in hire purchase and deferred payments agreements in relation to the sales and purchases of any goods or merchandise that can be traded with upon the hire purchase system and also carry business as financial agents and advisers;
- (ii) On 10 August 2020, the Board of Directors announced that the Company had on 7 August 2020 incorporated a wholly-owned subsidiary, HSGSB with an initial share capital of RM100.00 comprising 100 ordinary shares. HSGSB is principally engaged in manufacturing and trading of gloves and masks;
- (iii) On 11 August 2020, the Company entered into a SSA with UICT, a wholly-owned subsidiary of MMAG for the proposed disposal of 49% of the entire equity interest in HS Bio, comprising 49,000 ordinary shares for a cash consideration of RM1.00 only; and
- (iv) On 12 August 2020, HS Bio invested a total of RM2.0 million for a 20% stake in eMedAsia.

**A13. Capital commitments**

Other than disclosed below, there were no material capital commitments that have a material effect in the current quarter under review:-

	<b>As at 30.09.2020 RM'000</b>
Turnkey commissioning of Nitrile Butadiene Rubber double fomer glove dipping production line	<u>59,400</u>

**A14. Contingent assets or liabilities**

There were no changes in contingent assets or liabilities in the current quarter under review.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

**1.1 Financial review for quarter ended and financial year-to-date**

	Individual Period		Variances		Cumulative Period		Variances	
	Quarter ended	Quarter ended			Year ended	Year ended		
	30.09.2020	30.09.2019	Amount	%	30.09.2020	30.09.2019	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	530	1,323	(793)	(59.9)	1,058	3,344	(2,286)	(68.4)
Profit before interest and tax								
before share of results of an associate	1,602	950	652	68.6	1,614	1,364	250	18.3
Profit before interest and tax	1,602	950	652	68.6	1,614	1,364	250	18.3
Profit before tax	1,429	951	478	50.3	1,428	1,363	65	4.8
Profit after tax	1,429	943	486	51.5	1,428	1,355	73	5.4
Profit attributable to owner of the Company	1,429	943	486	51.5	1,428	1,355	73	5.4

**Current year quarter vs preceding year quarter**

**Revenue**

The Group revenue for the current quarter under review of RM0.5 million decreased by 60% as compared to last year same quarter of RM1.3 million mainly due to disposal of subsidiaries from Search & Advertising division in Cambodia which was completed in March 2020.

Revenue for current quarter under review comprises of revenue derived from both Search and Advertising segment and financial services segment. Financial services segment consists of hire purchase business and moneylending business. RM0.2 million of revenue was contributed by the hire purchase business. However, the Company has not extended any loans/advances to any party or received any loan/advances from any party in the ordinary course of its business as a licensed moneylender in current quarter.

**Profit before interest and tax ("PBIT")**

The Group PBIT for current quarter of RM1.6 million was increased by RM0.6 million as compared to same quarter of the preceding year profit of RM1.0 million mainly due to recognition of negative goodwill on acquisition of a new subsidiary in the current year quarter.

**Current year to-date vs preceding year to-date**

**Revenue**

The Group revenue for the current year to date under review of RM1.1 million decreased by 68% as compared to previous year to-date of RM3.3 million mainly due to disposal of subsidiaries from Search & Advertising division in Cambodia which was completed in March 2020.

**PBIT**

The Group PBIT for current quarter increased by RM0.2 million compared to same quarter of the previous year to-date of RM1.4 million mainly due to disposal of subsidiaries from Search & Advertising division in Cambodia which was completed in March 2020.

**B1. Review of performance (cont'd)**

**1.2. Financial review for current quarter with immediate preceding quarter**

	Current quarter ended 30.09.2020 RM'000	Immediate preceding quarter ended 30.06.2020 RM'000	Variances	
			Amount RM'000	%
Revenue	530	528	2	0.4
Profit before interest and tax and before share of results of an associate	1,602	11	1,591	14,463.6
Profit before interest and tax	1,602	11	1,591	14,463.6
Profit/(Loss) before tax	1,429	(1)	1,430	143,000.0
Profit/(Loss) after tax	1,429	(1)	1,430	143,000.0
Profit/(Loss) attributable to owner of the Company	1,429	(1)	1,430	143,000.0

Revenue

The Group revenue for the current quarter increased by 0.4% as compared to immediate preceding quarter was mainly due to revenue derived from hire purchase income.

Profit before interest and tax

The Group recorded a profit of RM1.6 million for the current quarter as compared to loss of RM0.01 million for the immediate preceding quarter. This is mainly due to recognition of negative goodwill on acquisition of a new subsidiary company in the current year quarter.

**1.3. Analysis of the performance of business segments**

Search and Advertising (“S&A”) business segment

	Individual Period		Cumulative Period	
	Quarter ended 30.09.2020 RM'000	Quarter ended 30.09.2019 RM'000	Year-to-date ended 30.09.2020 RM'000	Year-to-date ended 30.09.2019 RM'000
Revenue	329	1,323	857	3,320
Cost of sales	(323)	(461)	(559)	(1,226)
Gross profit	6	862	298	2,094
Other income	-	1,359	-	1,626
Operating expenses	(5)	(1,047)	(77)	(1,962)
Finance costs	(35)	-	(47)	(2)
(Loss)/Profit before taxation	<b>(34)</b>	<b>1,174</b>	<b>174</b>	<b>1,756</b>

Revenue

Revenue from S&A business segment decreased by 75% or RM1.0 million as compared to same quarter of the preceding year ended 30 September 2019. The drop is mainly due to disposal of subsidiaries from Search & Advertising division in Cambodia which was completed in March 2020.

**B1. Review of performance (cont'd)**

**1.3. Analysis of the performance of business segments (cont'd)**

Business Segment by Countries

The details of the Group's business segments by countries and exchange ratio used as below:-

	Quarter ended 30.09.2020		Quarter ended 30.09.2019		
	Malaysia RM'000	Total RM'000	Malaysia RM'000	Cambodia RM'000	Total RM'000
Revenue	1,058	1,058	2,552	792	3,344
Profit before interest and tax and before share of results of an associate	1,614	1,614	1,363	1	1,364
Profit before interest and tax	1,614	1,614	1,363	1	1,364
Profit before tax	1,428	1,428	1,362	1	1,363
Profit after tax	1,428	1,428	1,354	1	1,355
Profit attributable to owner of the Company	1,428	1,428	1,354	1	1,355

Exchange Rate Ratio Used (2019/2020)	
	MYR
1 USD Dollar :	4.1900

The exchange rate ratio used is based on Bank Negara exchange rate as per balance sheet date.

**B2. Group's prospects**

The Group expects 2020/2021 to be a challenging year. The S&A business in Malaysia continues to face challenges such as low economic activities and confidence.

Looking at the current economic sentiments, the Board is currently exploring the financial services segment. On 18 November 2019, Hong Seng Capital Sdn Bhd (formerly known as Food Cheetah Sdn Bhd), a wholly-owned subsidiary of the Company, has received the Money Lending License issued by the Registrar of Moneylenders of Kementerian Perumahan dan Kerajaan Tempatan on 15 November 2019.

On 24 July 2020, the Company has obtained approval from its shareholders to diversify and expand its business activities to include moneylending business. Such diversification enables the Group to tap into new business areas which will provide additional revenue streams to our Group while setting up the supply chain management business. The Board believes that this will be part of the Group's business plan to improve its financial performance as well as its shareholders' value. In addition, the diversifications will allow the Group to reduce reliance on its existing businesses.

Our management believes that despite challenging economic environment amid the COVID-19 pandemic, the impact of COVID-19 on the outlook of economy is likely to be significant in the short term. Our Group is expected to remain resilient while entering this period with liquidity buffers and will seize every opportunity premised on the above to improve our Group's operations and financial performances in the future.

**B3. Statement of the board of directors' opinion on profit estimate, forecast, projection or internal targets**

The Group has not provided any profit estimate, forecast, and projection in any public documents.

**B4. Variance on profit forecast**

The Group has not issued any profit forecast in any public comment.

**B5. Status of corporate proposal**

Save from the following, there were no corporate proposal announced but not completed as at 20 November 2020, being the last practicable date from the date of the issue of this report.

**On-going Corporate Exercises**

- (i) On 15 September 2020, the Board of Director announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares, representing not more than 10% of the number of shares in issue (excluding treasury shares) ("**Proposed Private Placement**") and obtained the Bursa approval vide its letter dated 7 October 2020, to approve the listing and quotation of up to 127,500,500 new shares to be issued pursuant to the Proposed Private Placement.
- (ii) On 19 October 2020, the Board of Directors announced that the Company proposes to undertake the followings:-
  - (a) proposed diversification of the existing business of Hong Seng and its subsidiaries ("Hong Seng Group") to include manufacturing and trading of gloves and other personal protective equipment ("PPE") products and related business ("**Proposed Diversification into Manufacturing and Trading of Gloves and Other PPE**");
  - (b) proposed diversification of the existing business of Hong Seng Group to include the supply of healthcare products and services and related business ("**Proposed Diversification into Healthcare Related Business**");
  - (c) proposed diversification of the existing business of Hong Seng Group to include hire purchase and related business ("**Proposed Diversification into Hire Purchase Business**"); and
  - (d) proposed variation to the utilisation of proceeds raised from the rights issue of shares with warrants and rights issue of irredeemable convertible preference shares undertaken by Hong Seng ("**Proposed Variation**").

(collectively, referred to as the "**Proposals**", and the Proposed Diversification into Manufacturing and Trading of Gloves and Other PPE, Proposed Diversification into Healthcare Related Business and Proposed Diversification into Hire Purchase Business are collectively referred to as the "**Proposed Diversifications**").

The Proposals and Proposed Diversification are subject to the approval from the shareholders of Hong Seng at the forthcoming extraordinary general meeting to be convened.

**B6. Utilisation of proceeds**

On 24 July 2020, the proposed variation to the utilisation of proceeds raised from the Rights Issue of Shares with Warrants and Rights Issue of ICPS (“Proposed Variation”) was duly passed by way of poll at the Extraordinary General Meeting held on 24 July 2020.

Status of utilisation of proceeds raised from corporate proposals (Rights Issue of Shares with Warrants and Rights Issue of ICPS) as at 30 September 2020 are as follows:-

Purpose	Proposed utilisation after variation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Capital expenditure and rental deposits	5,805	624	Within 36 months
Working capital requirements	11,202	880	Within 36 months
Estimated expenses in relation to the Corporate Exercises	1,090	1,090 *	Within 2 weeks
Future prospective acquisition of the Property and construction of cold rooms	18,000	-	Within 24 months
Working capital for moneylending business	17,000	-	Within 24 months
	53,097	2,594	

\* Any variation in the actual amount of the expenses for the corporate exercises will be adjusted accordingly to/from the funding for the workings capital requirements of our Group.

**B7. Group’s borrowings and debts securities**

The details of the Group’s borrowings and debts securities outstanding as at 30 September 2020 are as follows:-

	Quarter ended 30.09.2020			Quarter ended 30.09.2019		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
<b>Secured</b>						
Lease liabilities	608	184	792	31	76	107
<b>Unsecured</b>						
Bank Overdraft	-	643	643	-	1,372	1,372
Total Borrowings	<b>608</b>	<b>827</b>	<b>1,435</b>	<b>31</b>	<b>1,448</b>	<b>1,479</b>

All borrowings are denominated in Ringgit Malaysia and The Group does not have foreign currency borrowings.

The bank borrowings obtained from local banks bears interest of 2.75% to 8.35% (2020: 2.75% to 8.35%).



**B8. Material litigation**

The Group is not engaged in any material litigation either, as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B9. Dividends**

No dividend has been declared/paid during the quarter under review.

**B10. Earning per share**

The basis of earning per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

There is no computation for diluted earning per share as it is anti-dilutive in nature.

		Individual Period		Cumulative Period	
		Quarter ended	Quarter ended	Year-to-date	Year-to-date
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to owners of the Company	(RM'000)	1,429	943	1,428	1,355
Weighted average number of ordinary shares in issue	(Unit'000)	430,934	265,486	375,066	265,486
Basic earning per share	(sen)	0.33	0.36	0.38	0.51

**B11. Qualification of financial statements**

The Company's preceding annual financial statements was not subject to any audit qualifications.