

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FORTH QUARTER ENDED
31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter 31.03.2021	Quarter 31.03.2020	Year-to-date 31.03.2021	Year-to-date 31.03.2020
		RM	RM	RM	RM
Revenue		56,429,452	336,567	82,781,084	4,429,306
Cost of sales		(40,614,176)	22,918	(58,344,519)	(1,549,887)
Gross profit		15,815,276	359,485	24,436,565	2,879,419
Other income		29,387	3,088,666	2,438,819	4,986,678
Interest income		159,609	494,933	905,671	634,188
Impairment gain on financial assets		8,490	197,347	619,511	197,347
Administration expenses		(2,820,837)	(1,376,308)	(6,177,196)	(5,145,529)
Other expenses		-	(10,848,187)	(67,486)	(10,848,187)
Finance cost		(81,365)	(157,315)	(482,777)	(161,692)
Share of results of an associate company		23,008	-	-	-
Profit/(Loss) before taxation		13,133,568	(8,241,379)	21,673,107	(7,457,776)
Tax (expenses)/income		(2,900,714)	25,839	(4,699,021)	23,449
Profit/(Loss) for the financial period/ year		10,232,854	(8,215,540)	16,974,086	(7,434,327)
Other comprehensive loss		-	(482,502)	-	(232,059)
Total comprehensive profit/(loss) for the financial period/year		10,232,854	(8,698,042)	16,974,086	(7,666,386)
Profit/(Loss) attributable to:-					
Owners of the Company		6,026,484	(8,215,540)	10,489,998	(7,434,327)
Non-controlling interest		4,206,370	-	6,484,088	-
		10,232,854	(8,215,540)	16,974,086	(7,434,327)
Total comprehensive profit/(loss) attributable to:-					
Owners of the Company		6,026,484	(8,698,042)	10,489,998	(7,666,386)
Non-controlling interest		4,206,370	-	6,484,088	-
		10,232,854	(8,698,042)	16,974,086	(7,666,386)
Earning/(Loss) per share attribute to equity holders of the Company (sen)					
- Basic	B10.1	0.90	(2.58)	2.16	(2.55)
- Diluted	B10.2	0.76	(2.58)	1.75	(2.55)

The condensed consolidated statement of profit or loss and other comprehensive income 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 31 MARCH 2021**

	As at 31.03.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	37,348,952	1,668,922
Intangible assets	10,000	-
Goodwill on consolidation	9,683,014	-
Other investments	9,432,787	9,432,787
Contract costs	-	74,152
Total non-current assets	56,474,753	11,175,861
Current assets		
Inventories	2,690,453	-
Trade receivables	113,311,132	801,962
Other receivables	3,182,987	356,590
Contract costs	18,624	286,081
Tax recoverable	98,491	9,176
Other investments	14,798	31,849
Fixed deposits with licensed banks	8,236,980	30,282,500
Cash and bank balances	65,652,093	22,581,715
Total current assets	193,205,558	54,349,873
TOTAL ASSETS	249,680,311	65,525,734
LIABILITIES		
Non-current liabilities		
Deferred tax liability	32,702	-
Lease liabilities	741,244	663,584
Contract liabilities	-	205,429
Total non-current liabilities	773,946	869,013
Current liabilities		
Trade payables	14,363,921	404,668
Other payables	11,337,716	1,072,593
Contract liabilities	36,313	565,916
Lease liabilities	4,125,309	195,376
Bank borrowings	442,642	1,090,295
Tax payable	4,421,029	211
Total current liabilities	34,726,930	3,329,059
TOTAL LIABILITIES	35,500,876	4,198,072

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (CON'T)**

	As at 31.03.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
Equity attributable to owners of the Company		
Share capital	210,930,432	46,146,632
Irredeemable convertible preference shares	7,664,928	39,822,853
Share option reserve	6,022	66,394
Fair value reserve	(950,588)	(950,588)
Accumulated losses	<u>(13,267,631)</u>	<u>(23,757,629)</u>
	204,383,163	61,327,662
Non-controlling interest	<u>9,796,272</u>	<u>-</u>
Total equity	<u>214,179,435</u>	<u>61,327,662</u>
 TOTAL EQUITY AND LIABILITIES	 <u>249,680,311</u>	 <u>65,525,734</u>
 Net asset per share attributable to owners of the Company (RM)	 <u>0.1878</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 31 MARCH 2021**

	-----> Attributable To Owners of the Company ----->					Distributable	Total	Non-controlling interest	Total equity
	-----> Non-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	RM	RM	RM
At 1 April 2019	32,872,348	-	67,802	(556,873)	(161,656)	(15,233,966)	16,987,655	-	16,987,655
Net loss for the financial year	-	-	-	-	-	(7,434,327)	(7,434,327)	-	(7,434,327)
Other comprehensive loss for the year	-	-	-	(393,715)	161,656	-	(232,059)	-	(232,059)
Total comprehensive (loss)/profit for the year	-	-	-	(393,715)	161,656	(7,434,327)	(7,666,386)	-	(7,666,386)
Transaction with owners:									
Issuance of new shares	13,274,284	-	-	-	-	-	13,274,284	-	13,274,284
Issuance of irredeemable convertible preference shares	-	39,822,853	-	-	-	-	39,822,853	-	39,822,853
Share issuance expenses	-	-	-	-	-	(1,089,336)	(1,089,336)	-	(1,089,336)
Reversal of share-based payment under ESOS	-	-	(1,408)	-	-	-	(1,408)	-	(1,408)
Balance at 31 March 2020	46,146,632	39,822,853	66,394	(950,588)	-	(23,757,629)	61,327,662	-	61,327,662
At 1 April 2020	46,146,632	39,822,853	66,394	(950,588)	-	(23,757,629)	61,327,662	-	61,327,662
Net profit for the financial period	-	-	-	-	-	10,489,998	10,489,998	6,484,088	16,974,086
Other comprehensive profit for the period	-	-	-	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	-	10,489,998	10,489,998	6,484,088	16,974,086
Transactions with owners:									
Conversion of irredeemable convertible preference shares	128,631,700	(32,157,925)	-	-	-	-	96,473,775	-	96,473,775
Exercise of ESOS	210,000	-	-	-	-	-	210,000	-	210,000
Exercise of warrants	30,752,100	-	-	-	-	-	30,752,100	-	30,752,100
Acquisition of subsidiary companies	5,190,000	-	-	-	-	-	5,190,000	3,312,184	8,502,184
Reversal of share-based payment under ESOS	-	-	(60,372)	-	-	-	(60,372)	-	(60,372)
Balance at 31 March 2021	210,930,432	7,664,928	6,022	(950,588)	-	(13,267,631)	204,383,163	9,796,272	214,179,435

The condensed consolidated statement of changes in equity 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 31 MARCH 2021**

	Current Year Quarter 31.03.2021 RM	Preceding Year Quarter 31.03.2020 RM
CASHFLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	21,673,107	(7,457,776)
Adjustments for:-		
Non-cash items	(2,352,377)	5,227,394
Non-operating items	(729,995)	429,618
Operating income/(loss) before working capital changes	<u>18,590,735</u>	<u>(1,800,764)</u>
Net changes in inventories	(2,690,453)	-
Net changes in current assets	(80,403,146)	985,634
Net changes in current liabilities	(7,378,530)	(1,093,497)
Cash used in operations	<u>(71,881,394)</u>	<u>(1,908,627)</u>
Interest paid	(108,190)	(161,692)
Income tax refund	-	218,813
Income tax paid	(784,187)	(5,277)
Net cashflow used in operating activities	<u>(72,773,771)</u>	<u>(1,856,783)</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies	(7,262,743)	-
Interest received	905,671	634,188
Purchase of property, plant and equipment	(32,090,749)	(1,689,725)
Proceeds from disposal of property, plant and equipment	520,000	388,650
Net cash outflow from disposal of a subsidiary company	-	(115,555)
Net cashflow used in investing activities	<u>(37,927,821)</u>	<u>(782,442)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	132,625,875	12,184,948
Issuance of irredeemable convertible preference shares	-	39,822,853
Drawdown/(Repayment) of lease liabilities	(268,823)	(165,257)
Net cashflow from financing activities	<u>132,357,052</u>	<u>51,842,544</u>
Net changes in cash and cash equivalents	21,655,460	49,203,319
Effect on exchange rate differences	-	9,480
Cash and cash equivalents at beginning of period	<u>51,747,488</u>	<u>2,534,689</u>
Cash and cash equivalents at end of period	<u>73,402,948</u>	<u>51,747,488</u>
Analysis of cash and cash equivalents		
Other investments	14,798	31,849
Bank borrowings	(442,642)	(1,090,295)
Fixed deposits	8,236,980	30,282,500
Cash and bank balances	<u>65,652,093</u>	<u>22,581,715</u>
	73,461,229	51,805,769
Less: Fixed deposits pledged	(58,281)	(58,281)
	<u>73,402,948</u>	<u>51,747,488</u>

The condensed consolidated statement of cash flows 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 25 January 2021, 8 February 2021, 22 February 2021, 24 February 2021, 2 March 2021, 3 March 2021, 8 March 2021, 12 March 2021, 18 March 2021, 24 March 2021 and 29 March 2021, there are total of 442,792,400 ordinary shares have been issued pursuant to the conversion of 442,792,400 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share.

On 22 February 2021, 24 February 2021, 1 March 2021, 3 March 2021, 8 March 2021, 12 March 2021, 18 March 2021, 24 March 2021 and 29 March 2021, total of 123,088,400 ordinary shares have been issued pursuant to the exercise of 123,088,400 Warrant 2019/2024 (“Warrant A”) by the way of conversion of 1 unit Warrant A with payment of RM0.25 in cash for 1 new ordinary share

On 22 February 2021, total of 3,000,000 ordinary shares have been issued and allotted pursuant to the acquisition of equity interest in a subsidiary that was announced on 31 December 2020.

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

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

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:-

For the financial period ended 31 March 2021	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	Adjustments and eliminations		Total RM'000
						RM'000	RM'000	
Sales to external customer	77,897	1,253	2,030	1,601	82,781	-	-	82,781
Inter-segment sales	-	-	-	-	-	-	-	-
Total sales	77,897	1,253	2,030	1,601	82,781	-	-	82,781
Profit/(Loss) before tax	20,448	677	623	(2,213)	19,535	2,138	-	21,673
Segment assets	79,306	63,864	1,537	242,331	387,038	(137,358)	-	249,680
Segment liabilities	54,077	59,684	49,614	36,031	199,406	(163,905)	-	35,501

For the financial year ended 31 March 2020	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	Adjustments and eliminations		Total RM'000
						RM'000	RM'000	
Sales to external customer	-	-	4,405	24	4,429	-	-	4,429
Inter-segment sales	-	-	-	-	-	-	-	-
Total sales	-	-	4,405	24	4,429	-	-	4,429
Loss before tax	-	-	(5,435)	(2,023)	(7,458)	-	-	(7,458)
Segment assets	-	-	2,663	74,919	77,582	(12,056)	-	65,526
Segment liabilities	-	-	51,363	1,636	52,999	(48,801)	-	4,198

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 31 March 2021:-

- (i) On 15 January 2021, the Board of Directors announced an update that Neogenix Laboratoire Sdn Bhd (“NLSB”) has recently, during the period pending Completion, further obtained a Letter of Award from Malaysia’s Ministry of Health (“MOH”) to be one of the private laboratories to provide real-time polymerase chain reaction (“PCR”) Covid-19 samples testing;
- (ii) On 3 February 2021, the Board of Directors announced that its 51% owned sub-subsiary company, Pantasniaga Sdn Bhd (“Pantasniaga”) had received a “Surat Arahan Memulakan Bekalan/Perkhidmatan/Kerja” i.e. an instruction letter to start supply/service/work (“Instruction Letter”) from the Government of Malaysia represented by MOH of Malaysia to supply PCR test kits for COVID-19 to the Institute for Medical Research (“IMR”), MOH, for a total estimated sum of RM34.25 million in accordance with the terms and conditions stipulated in the Instruction Letter and subject to price negotiation between the Company and the Government of Malaysia;
- (iii) On 4 February 2021, the Board of Directors announced that the Company proposed to undertake the Proposed Share Split. The listing application in relation to the Proposed Share Split, listing of and quotation for the Additional Warrants and Additional ICPS arising from the Proposed Share Split as well as the new Hong Seng Shares to be issued pursuant to the exercise of the Additional Warrants and conversion of the Additional ICPS on the Main Market of Bursa Securities has been submitted to Bursa Securities;
- (iv) On 9 February 2021, the Board of Directors announced that its wholly-owned subsidiary company, Hong Seng Industries Sdn Bhd (“HSISB”) had entered into a Pre-Contract Agreement with PH2 Global Limited (“PH2”) for the purpose to engage PH2 to conduct a feasibility study in relation to the setting up of a nitrile butadiene latex manufacturing plant. Subsequently, on 16 February 2021, HSISB had accepted the Letter of Offer issued by Northern Corridor Implementation Authority for the sublease of an industrial land located at Kedah Rubber City for a period of 60 years (with an option to renew for a further period of 30 years) for a total cash consideration of RM45,572,472.00;
- (v) On 15 February 2021, the Board of Directors announced that Bursa Securities had approved the Proposed Share Split, the listing of and quotation for up to 159,291,411 Additional Warrants to be issued pursuant to the Adjustments arising from the Proposed Share Split and up to 159,291,411 new Hong Seng Shares to be issued pursuant to the exercise of the Additional Warrants on the Main Market of Bursa Securities and the listing of and quotation for up to 596,090,955 Additional ICPS to be issued pursuant to the Adjustments arising from the Proposed Share Split and up to 596,090,955 new Hong Seng Shares to be issued pursuant to conversion of the Additional ICPS on the Main Market of Bursa Securities;
- (vi) On 22 February 2021, the Board of Directors announced that HS Bio Sdn Bhd (formerly known as HS Bio Supplies Sdn Bhd) (“HS Bio”), a wholly-owned subsidiary of the Company, has entered into a Cooperation Framework Agreement (“CFA”) with Fosun Trade Co., Ltd (“Fosun Trade”). Pursuant to the Agreement, the Parties wish to jointly cooperate and collaborate to explore the business opportunities in the healthcare sector in Malaysia;

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

The following were the material events during the financial period ended 31 March 2021 (Cont'd):-

- (vii) Reference made to announcement on 4 November 2020, HS Bio entered into a memorandum of understanding with Shijiazhuang Yiling Pharmaceutical Co., Ltd (“Yiling Pharmaceutical”) (“Yiling MOU”) and pursuant to the Yiling MOU, Yiling Pharmaceutical has authorised HS Bio to act as its agent in Malaysia for 8 months from the date of the Yiling MOU to obtain the relevant approvals from the MOH for the registration of their therapeutic and health related products in Malaysia.

On 18 March 2021, the Company announced an update that the MOU is still ongoing and HS Bio had on 12 January 2021 obtained an Establishment Licence issued by the Medical Device Authority (“MDA”), the MOH with a validity period from 12 January 2021 until 11 January 2024 to act as an authorised representative, distributor and importer of medical and healthcare products in Malaysia.

HS Bio is still working on trying to obtain the relevant approval from MOH for the registration of Yiling Pharmaceutical’s therapeutic product in Malaysia where the said product has been approved for use in Singapore, United States and some European countries.

- (viii) Reference made to announcement on 4 November 2020, HS Bio has also entered into a memorandum of understanding with Beijing Applied Biological Technologies Co., Ltd (“XABT”) (“XABT MOU”) to jointly work together for development of the technologies, products, services and total solutions related to the COVID-19 PCR test kits and other infrastructure development projects. The XABT MOU shall be valid for an initial period of 1 year from the date of the XABT MOU and the parties may agree to extend the term of the XABT MOU for a subsequent period of up to 3 years. The estimated total capital and/or investment outlay to be committed to jointly work with XABT cannot be determined by HS Bio at this juncture as it is still subject to the terms of the definitive agreement to be agreed with XABT in future. HS Bio anticipates that at the initial stage of the business collaboration, it will focus on the distribution of the products of XABT in Malaysia and the Company will use internally generated funds and proceeds from exercise and/or conversion of the convertibles of the Company to fund the business operations.

On 18 March 2021, the Company announced an update that the MOU is still ongoing. As of last November 2020, HS Bio had brought in XABT’s COVID-19 PCR test kits and testing machines as sponsorship to Makmal Kesihatan Awam Kota Kinabalu, MOH to aid the outbreak in Sabah. HS Bio had on 12 January 2021 obtained an Establishment Licence issued by MDA of the MOH with a validity period from 12 January 2021 until 11 January 2024 to act as an authorised representative, distributor and importer of medical and healthcare products in Malaysia.

Currently, HS Bio is in the midst of arranging further orders and is working closely with Medical Device Authority of MOH for special access in respect of such further orders.

- (ix) On 18 March 2021, the Board of Directors announced that an application to Bursa Securities for an extension of time of 6 months (i.e. from 7 April 2021 until 6 October 2021) for Hong Seng to complete the implementation of the Private Placement has been submitted on 18 March 2021; and
- (x) On 31 March 2021, the Board of Directors announced that the Company has changed its financial year end from 31 March to 30 September effective from the financial period covering 1 April 2020 to 30 September 2021 for the purpose of enhancing the administrative efficiency of the Company and to enable the Group to rationalise its internal operations as well as financial reporting process in line with the ongoing Diversification Exercise undertaken by the Company.

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

The following were the material events subsequent to the financial period ended 31 March 2021:-

- (i) On 6 April 2021, total of 7,099,900 ordinary shares have been issued pursuant to the conversion of 7,099,900 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 638,920 ordinary shares have been issued pursuant to the exercise of 638,920 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.25 in cash for 1 new ordinary share;
- (ii) On 12 April 2021, the Board of Directors announced that, Bursa Securities had vide its letter dated 12 April 2021, granted the Company an extension of time of 6 months (i.e., from 7 April 2021 until 6 October 2021) to complete the implementation of the Private Placement;
- (iii) On 16 April 2021, 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 and 62,700 ordinary shares have been issued pursuant to the exercise of 62,700 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.25 in cash for 1 new ordinary share;
- (iv) On 20 April 2021, total of 13,000 ordinary shares have been issued pursuant to the exercise of 13,000 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.25 in cash for 1 new ordinary share;
- (v) On 4 May 2021, total of 424,000 ordinary shares have been issued pursuant to the conversion of 424,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share; and
- (vi) On 6 May 2021, the Board of Directors announced that HS Bio has entered into a Project Platform Joint Venture Agreement with Pow Pocket Sdn Bhd to set forth all their obligations, responsibilities and liabilities between each other as well as to define and regulate their relationship in respect to their participation in the joint venture through a joint venture company, namely Neogenix Sdn Bhd to carry out the Award.

A12. Changes in composition of the Group

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

- (i) On 28 July 2020, the Company entered into a Shares Sale Agreement (“SSA”) with Hong Seng Motor Sdn Bhd, Hong Seng Assembly Sdn Bhd, HS Hanvan Commercial Vehicles Sdn Bhd and HS Hohan 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, Hong Seng Gloves Sdn Bhd (“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 United ICT Consortium Sdn Bhd (“UICT”), a wholly-owned subsidiary of MMAG Holdings Berhad (“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;
- (iv) On 12 August 2020, HS Bio invested a total of RM2.0 million for a 20% stake in eMedAsia Sdn Bhd (“eMedAsia”);

A12. Changes in composition of the Group (Cont'd)

Other than disclosed below, there were no major changes in the composition of the Group for the financial period under review (Cont'd):-

- (v) On 12 October 2020, the Board of Directors announced that the Company had entered into a SSA with UICT 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 20 October 2020, the Board of Directors announced that HS Bio had entered into a SSA with Norashikin Binti Tajuddin and Lee Yeow Tuck for the acquisition of 51% of the equity interest in Pantasniaga, comprising 51,000 ordinary shares in Pantasniaga for a cash consideration of RM51.00 only;
- (vii) On 22 October 2020, the Board of Directors announced that the Company had 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, Acrylonitrile and Liquefied Natural Gas as well as providing the related integrated logistics services to complement the existing businesses of the Group;
- (viii) On 31 December 2020, the Board of Directors announced that HS Bio had entered into a Conditional Shares Sale Agreement with Open Dynamics Sdn Bhd for the acquisition of 32% of the equity interest in eMedAsia, comprising 4,000 ordinary shares in eMedAsia for a purchase consideration of RM3,000,000.00 to be fully satisfied via the issuance of 3,000,000 new ordinary shares by Hong Seng to the Vendor at an issue price of RM1.00 per Consideration Share. On 8 February 2021, Bursa Securities had approved the listing and quotation of 3,000,000 Consideration Shares to be issued pursuant to the acquisition. On 23 February 2021, the 3,000,000 Consideration Shares issued and allotted to the Vendor have been listed on the Main Market of Bursa Securities which marks that completion of the acquisition; and
- (ix) On 31 December 2020, the Board of Directors announced that HS Bio had entered into a SSA with Neoh Cheu An for the acquisition of 60% of the equity interest in NLSB, comprising 120,000 ordinary shares in NLSB for a cash consideration of RM6,500,000.00 only. This transaction was completed on 15 January 2021 in accordance with the terms and conditions as stated in the SSA.

A13. Capital commitments

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

	As at 31.03.2021 RM'000
Authorised and contracted for:	
Turnkey commissioning of Nitrile Butadiene Rubber double former glove dipping production line	29,692
Acquisition of freehold land with buildings	2,340
	32,032

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		
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	Amount	%	Amount	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	56,429	336	56,093	16,694.3	82,781	4,429	78,352	1,769.1
Profit/(Loss) before interest and tax before share of results of an associate	13,192	(8,084)	21,276	263.2	22,156	(7,296)	29,452	403.7
Profit/(Loss) before interest and tax	13,215	(8,084)	21,299	263.5	22,156	(7,296)	29,452	403.7
Profit/(Loss) before tax	13,134	(8,242)	21,376	259.4	21,673	(7,458)	29,131	390.6
Profit/(Loss) after tax	10,233	(8,215)	18,448	224.6	16,974	(7,434)	24,408	328.3
Profit/(Loss) attributable to owner of the Company	6,026	(8,215)	14,241	173.4	10,490	(7,434)	17,924	241.1

Current year quarter vs preceding year quarter

Revenue

The Group revenue for the current quarter under review of RM56.4 million increased by 16,694% as compared to last year same quarter of RM0.3 million mainly due to revenue of RM77.9 million generated by Healthcare segment on supplying PCR test kits for Covid-19.

Revenue for current quarter under review comprises of revenue derived from Healthcare segment, Financial Services segment and Search and Advertising segment.

Financial services segment consists of hire purchase business and moneylending business which contributed a revenue of RM1.3 million. This segment has extended RM41.4 million of loans/advances to corporate loan debtors in the ordinary course of its business as a licensed moneylender in current quarter under review.

Profit/(Loss) before interest and tax ("PBIT/LBIT")

The Group PBIT for current quarter of RM13.2 million was increased by RM21.3 million as compared to the preceding year corresponding quarter loss of RM8.1 million mainly due to profit generated by Healthcare segment in the current quarter.

Current year to-date vs preceding year to-date

Revenue

The Group revenue for the financial period to date under review of RM82.8 million increased by 1,769% as compared to the preceding year corresponding financial year of RM4.4 million mainly due to revenue of RM77.9 million generated by Healthcare segment on supplying PCR test kits for Covid-19.

PBIT/LBIT

The Group PBIT for current period to date of RM22.2 million was increased by RM29.5 million as compared to the preceding year corresponding financial year loss of RM7.3 million mainly due to profit generated by Healthcare segment.

B1. Review of performance (cont'd)

1.2. Financial review for current quarter with immediate preceding quarter

	Current quarter ended 31.03.2021 RM'000	Immediate preceding quarter ended 31.12.2020 RM'000	Variances	
			Amount RM'000	%
Revenue	56,429	25,294	31,135	123.1
Profit before interest and tax and before share of results of an associate	13,192	7,350	5,842	79.5
Profit before interest and tax	13,215	7,327	5,888	80.4
Profit before tax	13,134	7,112	6,022	84.7
Profit after tax	10,233	5,313	4,920	92.6
Profit attributable to owner of the Company	6,026	3,035	2,991	98.6

Revenue

The Group revenue for the current quarter increased by 123% as compared to immediate preceding quarter was mainly due to revenue derived from Healthcare segment on supplying PCR test kits for Covid-19.

PBIT

The Group recorded a PBIT of RM13.2 million for the current quarter as compared to PBIT of RM7.4 million for the immediate preceding quarter. This is mainly due to profit generated by Healthcare segment in the current quarter.

1.3. Analysis of the performance of business segments

Healthcare business segment

	Individual Period		Cumulative Period	
	Quarter ended 31.03.2021 RM'000	Quarter ended 31.03.2020 RM'000	Year-to-date ended 31.03.2021 RM'000	Year-to-date ended 31.03.2020 RM'000
	Revenue	53,290	-	77,897
Cost of sales	(38,749)	-	(55,665)	-
Gross profit	14,541	-	22,232	-
Other income	8	-	11	-
Operating expenses	(1,285)	-	(1,791)	-
Finance costs	(4)	-	(4)	-
Profit before taxation	13,260	-	20,448	-

Revenue and profit before tax ("PBT")

The Group has diversified into healthcare related business subsequent to the approval obtained from shareholders on Extraordinary General Meeting which was held on 15 December 2020. In current quarter under review, this segment had registered a revenue of RM53.3 million and profit before taxation of RM13.3 million via supplying PCR test kits for Covid-19.

B1. Review of performance (cont'd)

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

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

	Individual Period		Cumulative Period	
	Quarter ended 31.03.2021 RM'000	Quarter ended 31.03.2020 RM'000	Year-to-date ended 31.03.2021 RM'000	Year-to-date ended 31.03.2020 RM'000
Revenue	919	336	2,030	4,405
Cost of sales	(299)	25	(1,113)	(1,526)
Gross profit	620	361	917	2,879
Other income	17	3,073	17	4,936
Operating expenses	(223)	(10,507)	(339)	(13,091)
Finance costs	(16)	(155)	(80)	(159)
Profit/(Loss) before taxation	398	(7,228)	515	(5,435)

Revenue and PBT

Revenue from S&A business segment increased by 174% or RM0.6 million as compared to same quarter of the preceding year ended 31 March 2020. However, revenue for financial period to date under review decreased by 54% or RM2.4 million as compared to the preceding year corresponding financial year. Rapid media evolution which reshaped the advertising and marketing landscapes and the increasingly competitive environment as well as the COVID-19 pandemic being the factors that caused the drop in revenue for this segment.

This segment recorded an improvement on PBT, this mainly due to there were bad debts written off and impairment loss on intangible assets being recognised in the preceding year corresponding quarter, but none in current quarter under review.

Business Segment by Countries

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

	Quarter ended 31.03.2021		Quarter ended 31.03.2020		
	Malaysia RM'000	Total RM'000	Malaysia RM'000	Cambodia RM'000	Total RM'000
Revenue	82,781	82,781	3,597	832	4,429
Profit/(Loss) before interest and tax and before share of results of an associate	22,156	22,156	(7,048)	(248)	(7,296)
Profit/(Loss) before interest and tax	22,156	22,156	(7,048)	(248)	(7,296)
Profit/(Loss) before tax	21,673	21,673	(7,210)	(248)	(7,458)
Profit/(Loss) after tax	16,974	16,974	(7,186)	(248)	(7,434)
Profit/(Loss) attributable to owner of the Company	10,490	10,490	(7,186)	(248)	(7,434)

Exchange Rate Ratio Used (2019/2020)

	MYR
1 USD Dollar :	4.3130

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, low confidence and increasingly competitive business environment.

On 24 July 2020, the Company has obtained approval from its shareholders to diversify and expand its business activities to include moneylending business. 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.

In view of the positive outlook of the glove industry, healthcare industry as well as hire purchase and automotive industries in Malaysia, in order to improve our Group's financial performance and to enhance our Group's prospect, the Company had on 15 December 2020 obtained approval from its shareholders to diversify and expand its business activities to included manufacturing and trading of gloves and other personal protective equipment ("PPE"), healthcare related business and hire purchase business.

The diversification into manufacturing and trading of gloves and other PPE provides an opportunity to our Group to venture into the supply of PPE (such as gloves and masks), which is a growing industry with foreseeable sustainable demand given the current healthcare condition that enforces the usage of PPE in a global context.

The COVID-19 outbreak has led to changes in consumer behavior and preference whereby their shopping patterns have shifted to digital platforms and becoming more open to receive online medical consultation as well as receiving prescribed medicines through direct delivery to them without paying physical visits to clinics or hospitals.

In view of the above, the diversifications are deemed timely for our Group to capture the rising demand for the product such as gloves, medical and healthcare products and healthcare related services so as to gain the greatest market presence for possible advantage from the prevailing health crisis.

The pervasiveness of the e-commerce landscape in Malaysia, in particular after the Movement Control Order implemented by Malaysian government, has led to flourishing demand for logistics services in particular the last-mile delivery. This has generated growth for the domestic transportation industry, mainly for those who supply vehicles to last-mile delivery service providers as well as demand for loans to automotive for commercial vehicles. In order to ride on this surge in demand for commercial vehicles, our Group diversified to provide hire purchase services.

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 21 May 2021, being the last practicable date from the date of the issue of this report.

On-going Corporate Exercises

- (i) 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”)
 - (a) 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).
 - (b) On 8 October 2020, 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;
 - (c) On 18 March 2021, the Board of Directors announced that an application to Bursa Securities for an extension of time of 6 months (i.e. from 7 April 2021 until 6 October 2021) for Hong Seng to complete the implementation of the Private Placement has been submitted on 18 March 2021; and
 - (d) On 12 April 2021, the Board of Directors announced that, Bursa Securities had vide its letter dated 12 April 2021, granted the Company an extension of time of 6 months (i.e., from 7 April 2021 until 6 October 2021) to complete the implementation of the Private Placement.

- (ii) Proposed Share Split involving the subdivision of every 1 existing ordinary share in Hong Seng held on entitlement date to be determined later into 2 Hong Seng shares (“Proposed Share Split”)
 - (a) On 4 February 2021, the Board of Directors announced that the Company proposes to undertake the Proposed Share Split. The listing application in relation to the Proposed Share Split, listing of and quotation for the Additional Warrants and Additional ICPS arising from the Proposed Share Split as well as the new Hong Seng Shares to be issued pursuant to the exercise of the Additional Warrants and conversion of the Additional ICPS on the Main Market of Bursa Securities has been submitted to Bursa Securities;
 - (b) On 15 February 2021, the Board of Directors announced that Bursa Securities had approved the Proposed Share Split, the listing of and quotation for up to 159,291,411 Additional Warrants to be issued pursuant to the Adjustments arising from the Proposed Share Split and up to 159,291,411 new Hong Seng Shares to be issued pursuant to the exercise of the Additional Warrants on the Main Market of Bursa Securities and the listing of and quotation for up to 596,090,955 Additional ICPS to be issued pursuant to the Adjustments arising from the Proposed Share Split and up to 596,090,955 new Hong Seng Shares to be issued pursuant to conversion of the Additional ICPS on the Main Market of Bursa Securities;
 - (c) On 2 March 2021, the Company announced that HSCB’s Extraordinary General Meeting (“EGM”) will be held on 8 April 2021 and conducted fully virtual through live streaming via a remote participation; and
 - (d) On 15 April 2021, the Board announced the resolutions as prescribed in the notice convening the EGM of the Company dated 3 March 2021 was duly passed by way of poll at the EGM held on 15 April 2021.

B6. Utilisation of proceeds

On 15 December 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 15 December 2020.

Status of utilisation of proceeds raised from corporate proposals (Rights Issue of Shares with Warrants and Rights Issue of ICPS) as at 31 March 2021 are as follows:-

Purpose	Proposed utilisation after variation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Capital expenditure and rental deposits	624	624	Utilised
Working capital requirements	938	938	Utilised
Estimated expenses in relation to the Corporate Exercises	1,090	1,090 *	Utilised
Turnkey agreement	30,000	30,000	Within 12 months
Working capital for moneylending and hire purchase businesses	17,000	17,000	Within 24 months
Working capital requirement of the Group	3,445	308	Within 24 months
	53,097	49,960	

* 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 31 March 2021 are as follows:-

	Quarter ended 31.03.2021			Quarter ended 31.03.2020		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
Secured						
Lease liabilities	741	4,125	4,866	664	195	859
Unsecured						
Bank Overdraft	-	443	443	-	1,090	1,090
Total Borrowings	741	4,568	5,309	664	1,285	1,949

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

10.1 Basic earning per share

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

	Individual Period		Cumulative Period	
	Quarter ended 31.03.2021	Quarter ended 31.03.2020	Year-to-date 31.03.2021	Year-to-date 31.03.2020
Profit/(Loss) attributable to owners of the Company (RM'000)	6,026	(8,216)	10,490	(7,434)
Weighted average number of ordinary shares in issue (Unit'000)	668,874	318,583	485,574	291,889
Basic earning/(loss) per share (sen)	0.90	(2.58)	2.16	(2.55)

10.2 Diluted earning per share

The diluted earning per share is calculated by dividing the net profit/(loss) for the period/year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon full conversion of the remaining employee share option and Warrant A.

	Individual Period		Cumulative Period	
	Quarter ended 31.03.2021	Quarter ended 31.03.2020	Year-to-date 31.03.2021	Year-to-date 31.03.2020
Profit/(Loss) attributable to owners of the Company (RM'000)	6,026	(8,216)	10,490	(7,434)
Weighted average number of ordinary shares in issue (Unit'000)	668,874	318,583	485,574	291,889
Effect of dilution:				
Exercise of ESOS option	54	^	44	^
Exercise of warrants	128,815	^	113,844	^
Adjusted weighted average number of ordinary shares in issue (Unit'000)	797,743	318,583	599,462	291,889
Diluted earning/(loss) per share (sen)	0.76	(2.58)	1.75	(2.55)

^ Not applicable.

B11. Related party transaction

The related party transactions during the quarter under review as below:

	Quarter ended 31.03.2021 RM'000	Year-to-date ended 31.03.2021 RM'000
Rental of factory paid to a related party in which the party is a common director and substantial shareholder	390	455
Logistics services provided by a related party in which certain directors are common directors	2	3

B12. Qualification of financial statements

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