

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIFTH QUARTER ENDED
30 JUNE 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter	Quarter	Period-to-date	Year-to-date
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM	RM	RM	RM
Revenue		7,724,020	528,351	90,505,104	-
Cost of sales		(2,004,875)	(235,720)	(60,349,394)	-
Gross profit		5,719,145	292,631	30,155,710	-
Other income		(443)	6,137	2,438,376	-
Interest income		243,424	266,932	1,149,095	-
Impairment gain on financial assets		121,502	134,029	741,013	-
Administration expenses		(3,050,705)	(633,132)	(9,227,901)	-
Other expenses		(515,515)	(55,819)	(583,001)	-
Finance cost		(69,524)	(12,149)	(552,301)	-
Profit/(Loss) before taxation		2,447,884	(1,371)	24,120,991	-
Tax expenses		(522,071)	-	(5,221,092)	-
Profit/(Loss) for the financial period		1,925,813	(1,371)	18,899,899	-
Other comprehensive loss		-	-	-	-
Total comprehensive profit/(loss) for the financial period		1,925,813	(1,371)	18,899,899	-
Profit/(Loss) attributable to:-					
Owners of the Company		651,319	(1,371)	11,141,317	-
Non-controlling interests		1,274,494	-	7,758,582	-
		1,925,813	(1,371)	18,899,899	-
Total comprehensive profit/(loss) attributable to:-					
Owners of the Company		651,319	(1,371)	11,141,317	-
Non-controlling interests		1,274,494	-	7,758,582	-
		1,925,813	(1,371)	18,899,899	-
Earning/(Loss) per share attribute to equity holders of the Company (sen)					
- Basic	B10.1	0.06	(0.0004)	1.81	-
- Diluted	B10.2	0.05	(0.0010)	1.55	-

Notes:

- (i) The financial year end of the Group has been changed from 30 March to 30 September. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 April 2020 to 30 September 2021. There will be no comparative financial information available for the financial period ended 30 June 2021.
- (ii) 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 30 JUNE 2021**

	As at 30.06.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	55,111,181	1,668,922
Intangible assets	14,510,000	-
Goodwill on consolidation	9,683,014	-
Other investments	9,432,787	9,432,787
Contract costs	-	74,152
Total non-current assets	<u>88,736,982</u>	<u>11,175,861</u>
Current assets		
Inventories	5,295,335	-
Trade receivables	69,241,461	801,962
Other receivables	14,769,940	356,590
Contract costs	18,624	286,081
Tax recoverable	189,275	9,176
Other investments	14,797	31,849
Fixed deposits with licensed banks	20,236,980	30,282,500
Cash and bank balances	71,945,581	22,581,715
Total current assets	<u>181,711,993</u>	<u>54,349,873</u>
TOTAL ASSETS	<u>270,448,975</u>	<u>65,525,734</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liability	32,231	-
Lease liabilities	2,938,816	663,584
Contract liabilities	-	205,429
Total non-current liabilities	<u>2,971,047</u>	<u>869,013</u>
Current liabilities		
Trade payables	11,159,960	404,668
Other payables	15,222,825	1,072,593
Contract liabilities	36,313	565,916
Lease liabilities	1,548,067	195,376
Bank borrowings	418,468	1,090,295
Tax payable	2,270,367	211
Total current liabilities	<u>30,656,000</u>	<u>3,329,059</u>
TOTAL LIABILITIES	<u>33,627,047</u>	<u>4,198,072</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONT'D)**

	As at 30.06.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
Equity attributable to owners of the Company		
Share capital	229,319,847	46,146,632
Irredeemable convertible preference shares	3,942,203	39,822,853
Share option reserve	6,022	66,394
Fair value reserve	(950,588)	(950,588)
Accumulated losses	(12,616,312)	(23,757,629)
	219,701,172	61,327,662
Non-controlling interests	17,120,756	-
Total equity	236,821,928	61,327,662
 TOTAL EQUITY AND LIABILITIES	 270,448,975	 65,525,734
 Net asset per share attributable to owners of the Company (RM)	 0.1813	 0.1925

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)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

	<----- 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 RM	Non- controlling interests RM	Total equity 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)/profit 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)
Transactions 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/Total comprehensive profit for the period	-	-	-	-	-	11,141,317	11,141,317	7,758,582	18,899,899
Transactions with owners:									
Conversion of irredeemable convertible preference shares	143,522,600	(35,880,650)	-	-	-	-	107,641,950	-	107,641,950
Exercise of ESOS	210,000	-	-	-	-	-	210,000	-	210,000
Exercise of warrants	34,250,615	-	-	-	-	-	34,250,615	-	34,250,615
Acquisition of subsidiary companies	5,190,000	-	-	-	-	-	5,190,000	9,362,174	14,552,174
Reversal of share-based payment under ESOS	-	-	(60,372)	-	-	-	(60,372)	-	(60,372)
Balance at 30 June 2021	229,319,847	3,942,203	6,022	(950,588)	-	(12,616,312)	219,701,172	17,120,756	236,821,928

Notes:

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- (ii) 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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE PERIOD ENDED 30 JUNE 2021**

	Current Period Quarter 30.06.2021 RM	Preceding Year Quarter 30.06.2020 RM
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	24,120,991	-
Adjustments for:-		
Non-cash items	(1,450,982)	-
Non-operating items	(903,894)	-
Operating income before working capital changes	<u>21,766,115</u>	-
Net changes in inventories	(5,295,335)	-
Net changes in current assets	(47,798,925)	-
Net changes in current liabilities	(6,697,382)	-
Cash used in operations	<u>(38,025,527)</u>	-
Interest paid	(177,715)	-
Income tax paid	(3,548,175)	-
Net cashflow used in operating activities	<u>(41,751,417)</u>	-
CASHFLOW FOR INVESTING ACTIVITIES		
Acquisition of subsidiary companies	(16,212,753)	-
Interest received	1,149,095	-
Purchase of property, plant and equipment	(50,375,876)	-
Proceeds from disposal of property, plant and equipment	520,000	-
Net cashflow used in investing activities	<u>(64,919,534)</u>	-
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	147,292,565	-
Repayment of lease liabilities	(648,493)	-
Net cashflow from financing activities	<u>146,644,072</u>	-
Net changes in cash and cash equivalents	39,973,121	-
Cash and cash equivalents at beginning of period	51,747,488	-
Cash and cash equivalents at end of period	<u>91,720,609</u>	-
Analysis of cash and cash equivalents		
Other investments	14,797	-
Bank borrowings	(418,468)	-
Fixed deposits	20,236,980	-
Cash and bank balances	71,945,581	-
	<u>91,778,890</u>	-
Less: Fixed deposits pledged	(58,281)	-
	<u>91,720,609</u>	-

Notes:

- (i) The financial year end of the Group has been changed from 31 March to 30 September. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 April 2020 to 30 September 2021. There will be no comparative financial information available for the financial period ended 30 June 2021.
- (ii) 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.

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.

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.

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 6 April 2021, 16 April 2021, 4 May 2021, 8 June 2021 and 10 June 2021, there are total of 49,450,400 ordinary shares have been issued pursuant to the conversion of 49,450,400 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 each respectively in cash for 1 new ordinary share.

On 6 April 2021, 16 April 2021, 20 April 2021 and 10 June 2021, total of 3,114,620 ordinary shares have been issued pursuant to the exercise of 3,114,620 Warrant 2019/2024 (“Warrant A”) by the way of conversion of 1 unit Warrant A with payment of RM0.25 each respectively in cash for 1 new ordinary share.

On 16 June 2021, the Share Split had been completed following the listing of and quotation for 2,281,829,484 Subdivided Shares, 207,696,310 Subdivided ICPS and 66,336,782 Subdivided Warrants A on the Main Market of Bursa Securities.

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A6. Debts and equity securities (Cont'd)

On 24 June 2021 and 30 June 2021, there are total of 50,008,200 ordinary shares have been issued pursuant to the conversion of 50,008,200 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 each respectively in cash for 1 new ordinary share.

On 24 June 2021 and 30 June 2021, total of 20,922,000 ordinary shares have been issued pursuant to the exercise of 20,922,000 Warrant 2019/2024 (“Warrant A”) by the way of conversion of 1 unit Warrant A with payment of RM0.13 each respectively in cash for 1 new ordinary share.

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:-

For the financial period ended 30 June 2021						Adjustments and eliminations		Total RM'000
	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	RM'000		
Sales to external customer	84,890	1,954	2,060	1,601	90,505	-	90,505	
Inter-segment sales	-	-	-	-	-	-	-	
Total sales	84,890	1,954	2,060	1,601	90,505	-	90,505	
Profit/(Loss) before tax	23,994	807	422	(3,242)	21,981	2,140	24,121	
Segment assets	77,614	88,642	1,279	286,543	454,078	(183,629)	270,449	
Segment liabilities	33,876	84,459	49,557	66,603	234,495	(200,868)	33,627	

For the financial year ended 30 June 2020 **						Adjustments and eliminations		Total RM'000
	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	RM'000		
Sales to external customer	-	-	-	-	-	-	-	
Inter-segment sales	-	-	-	-	-	-	-	
Total sales	-	-	-	-	-	-	-	
Loss before tax	-	-	-	-	-	-	-	
Segment assets	-	-	-	-	-	-	-	
Segment liabilities	-	-	-	-	-	-	-	

** In view of the change in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 15 months financial period ended 30 June 2021.

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 June 2021:-

- (i) On 6 May 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 Project Platform Joint Venture Agreement with Pow Pocket Sdn Bhd (“Pow Pocket”) 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 (“Neogenix”) to carry out the Award;
- (ii) On 28 May 2021, the Board of Directors announced that the Company proposed to undertake Proposed Bonus Issue of up to 936,973,858 free warrants (“Warrants B”) on the basis of 1 Warrant B for every 3 existing ordinary shares in Hong Seng (“Hong Seng Shares”) held on an entitlement date to be determined and announced later (“Proposed Bonus Issue of Warrants”);
- (iii) On 15 June 2021, the Board of Directors announced that based on the entitlement date for the Share Split as at 5.00 p.m. on 15 June 2021 (“Entitlement Date”), the existing number of 1,140,914,742 Hong Seng Shares as at the Entitlement Date will be subdivided into 2,281,829,484 Subdivided Shares pursuant to the Share Split. The 2,281,829,484 Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date;
- (iv) On 16 June 2021, the Share Split had been completed following the listing of and quotation for 2,281,829,484 Subdivided Shares, 207,696,310 Subdivided ICPS and 66,336,782 Subdivided Warrants A on the Main Market of Bursa Securities;
- (v) Reference made to announcements made on 4 November 2020, 9 November 2020 and 18 March 2021 in relation to the Memorandum of Understanding (“MOU”) entered between HS Bio with Shijiazhuang Yiling Pharmaceutical Co., Ltd (“Yiling Pharmaceutical”) (“Announcements”).

As stated in announcement dated 18 March 2021, HS Bio had on 12 January 2021 obtained an Establishment Licence issued by the Medical Device Authority, the Ministry of Health Malaysia (“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.

On 18 June 2021, HS Bio is still working closely with Yiling Pharmaceutical to obtain the relevant approval from MOH for the registration of the latter’s therapeutic product in Malaysia where the said product has been approved for use in Singapore, United States and some European countries. Meanwhile, in addition to the abovementioned therapeutic product, HS Bio is also exploring to bring in the other Yiling Pharmaceutical’s products that may be relevant and beneficial for Malaysia. Besides that, HS Bio is assisting Yiling Pharmaceutical in their issue with a purported fake product carrying their product name in the local market;

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

The following were the material events during the financial period ended 30 June 2021 (Cont'd):-

- (vi) Reference made to announcement on 4 November 2020, 9 November 2020 and 18 March 2021 in relation to the MOU entered between HS Bio with Beijing Applied Biological Technologies Co., Ltd (“XABT”) (“Announcements”).

As stated in the announcement dated 18 March 2021, HS Bio had on 12 January 2021 obtained an Establishment License issued by the Medical Device Authority, 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.

On 18 June 2021, the deal with XABT is ongoing and HS Bio had procured their COVID-19 PCR test kits which have been granted special access approval by the Medical Device Authority of MOH on 22 March 2021 to supply to authorised laboratories in Malaysia;

- (vii) Reference made to announcement on 16 February 2021, Hong Seng Industries Sdn Bhd (“HSISB”) had accepted the Letter of Offer issued by Northern Corridor Implementation Authority (“NCIA”) for the sublease of an industrial land located at Kedah Rubber City (“KRC”) for a period of 60 years (with an option to renew for a further period of 30 years) for the purpose of setting up a nitrile butadiene latex manufacturing plant in KRC.

Pursuant to the Letter of Offer, the Board of Directors announced that HSISB has on 25 June 2021 entered into a Sublease Agreement with NCIA to set forth the detailed terms and conditions governing the sublease of the said land for a total cash consideration of RM44,692,560.00; and

- (viii) On 29 June 2021, the Board of Directors announced that the additional listing application in relation to the Proposed Bonus Issue of Warrants had 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 June 2021:-

- (i) On 5 July 2021, the Board of Directors announced that HS Bio and Yiling Pharmaceutical (“Parties”) have mutually decided not to renew this particular MOU as this MOU was intended for the Parties to obtain the relevant approval from the MOH for the registration of Yiling Pharmaceutical’s therapeutic product (i.e. Lianhua Qingwen Capsule) in Malaysia after the product successfully obtained approval for use in Singapore, United States and some European countries. However, despite the Parties’ joint efforts, Malaysia’s health industry laws and regulation does not allow for the said product to be registered due to certain prohibited ingredients.

As such, since the term of the MOU expired on 3 July 2021, the Parties have mutually agreed to terminate the MOU.

Nevertheless, the Parties are currently exploring to bring in other Yiling Pharmaceutical’s products that may be relevant and beneficial for Malaysians. Should there be any such collaboration, the Company will make the necessary announcement, if required;

- (ii) On 5 July 2021, the Board of Directors announced that Neogenix Laboratories Sdn Bhd (“NLSB”), a 60% owned subsidiary of HS Bio had entered into a Provision For Laboratory Services Agreement with RZAC Immunesafe Sdn Bhd and Aster Technologies Sdn Bhd to set forth all their obligations and responsibilities in respect to the ImmuSAFE COVID+ Biochip subject to the terms and conditions of the agreement;
- (iii) On 7 July 2021, total of 88,600 ordinary shares have been issued pursuant to the conversion of 88,600 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 71,000 ordinary shares have been issued pursuant to the exercise of 71,000 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;

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 June 2021 (Cont'd):-

- (iv) On 8 July 2021, the Board of Directors announced that CASD Solutions Sdn Bhd (“CASD”), a wholly-owned subsidiary of the Company has entered into a Shares Sale Agreement (“SSA”) with Sandosh A/L J N Anandan, Vasudevan A/L Arumugam and Mugilan Krishnarajah A/L Krishnarajah for the proposed acquisition of 80% of the equity interest in Aspire Knowledge Sdn Bhd (“Aspire Knowledge”), comprising 80,000 ordinary shares in Aspire Knowledge for a total cash consideration of RM32,000.00 only
- (v) On 8 July 2021, the Board of Directors announced that HS Bio had entered into a Joint Venture Agreement with Ligno Holding 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 to undertake healthcare related business subject to the terms and conditions as contained in the agreement;
- (vi) On 13 July 2021, total of 10,000 ordinary shares have been issued pursuant to the conversion of 10,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 65,000 ordinary shares have been issued pursuant to the exercise of 65,000 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (vii) On 15 July 2021, total of 30,627,000 ordinary shares have been issued pursuant to the conversion of 30,627,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 5,455,300 ordinary shares have been issued pursuant to the exercise of 5,455,300 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (viii) On 22 July 2021, total of 42,561,200 ordinary shares have been issued pursuant to the conversion of 42,561,200 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 14,300 ordinary shares have been issued pursuant to the exercise of 14,300 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (ix) On 22 July 2021, the Board of Directors announced that its 51% owned sub-subsiidiary company, Pantasniaga Sdn Bhd (“Pantasniaga”) (an Authorised Representative and Distributor for BGI Genomics Co., Ltd) had received a “Surat Setuju Terima” i.e. a letter of award (“LOA”) from the MOH of Malaysia to supply polymerase chain reaction PCR test kits for COVID-19 to the Institute for Medical Research and Public Health Laboratory Kota Kinabalu, MOH of Malaysia, for a total contract value of RM112,320,000 in accordance with the terms and conditions as contained in the LOA;
- (x) On 23 July 2021, the Board of Directors announced that HS Bio entered into a Heads of Agreement with Dato’ Seri Shahril Bin Mokhtar, Datuk Wan Khalik Bin Wan Muhammad and RZAC Business Sdn Bhd in relation to the proposed acquisition of 510,000 ordinary shares in RZAC Immunesafe Sdn Bhd (“RZAC”), representing 51% of the equity interest in RZAC for a total proposed purchase consideration of RM40,300,000.00 only.
- (xi) On 27 July 2021, total of 3,651,000 ordinary shares have been issued pursuant to the exercise of 3,651,000 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (xii) On 28 July 2021, total of 955,500 ordinary shares have been issued pursuant to the conversion of 955,500 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 142,800 ordinary shares have been issued pursuant to the exercise of 142,800 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (xiii) On 2 August 2021, total of 290,000 ordinary shares have been issued pursuant to the conversion of 290,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 19,985,200 ordinary shares have been issued pursuant to the exercise of 19,985,200 Warrant A by the way if conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;

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 June 2021 (Cont'd):-

- (xiv) On 5 August 2021, total of 163,700 ordinary shares have been issued pursuant to the exercise of 163,700 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (xv) On 6 August 2021, the Board of Directors announced that, Bursa Securities had vide its letter dated 6 August 2021, approved the following:-
 - (a) admission to the Official List and listing and quotation for 894,473,692 Warrants B to be issued pursuant to the Proposed Bonus Issue of Warrants; and
 - (b) listing and quotation for up to 894,473,692 new Hong Seng Shares to be issued arising from the exercise of the Warrants B.

The approval granted by Bursa Securities for the Proposed Bonus Issue of Warrants is subject to the following conditions:-

- (a) The Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;
- (b) The Company and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
- (c) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and
- (d) The Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.

The Company is required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.

- (xvi) On 12 August 2021, the Board of Directors announced that the Company had decided to shorten the exercise period of the Warrants B from 5 years to 3 years in order to encourage the Warrant B holders to exercise their Warrants B within a shorter time period and participate directly in the Group's future growth as the shareholders of the Company, which will also allow the Company to raise funds for the utilisation purposes as stated in Section 2.6 of the Announcement dated 28 May 2021 via the exercise of Warrants B into Hong Seng Shares by the Warrant B holders on 12 August 2021.

Apart from the amendment to the exercise period of the Warrants B, all the other indicative salient terms of the Warrants B as set out in the Announcement dated 28 May 2021 remain the same; and

- (xvii) On 12 August 2021, total of 21,200 ordinary shares have been issued pursuant to the conversion of 21,200 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share.

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 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, 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 (“UIC”)”, 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”);
- (v) On 12 October 2020, the Board of Directors announced that the Company had entered into a SSA with UIC 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;
- (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; and

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):-

- (x) On 19 May 2021, the Company had incorporated a wholly-owned subsidiary, Hong Seng Freight & Forwarding Sdn Bhd ("HSFFSB") with an initial share capital of RM100.00 comprising 100 ordinary shares. HSFFSB is principally engaged in provision of freight and forwarding services.

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 30.06.2021 RM'000
Authorised and contracted for:	
Turnkey commissioning of Nitrile Butadiene Rubber double former glove dipping production line	17,820
Sublease payment pursuant to the Kedah Rubber City land's sublease agreement	33,476
	51,296

A14. Contingent assets or liabilities

Other than disclosed below, there were no changes in contingent assets or liabilities in the current quarter under review:-

	As at 30.06.2021 RM'000
Corporate guarantee given to a financial institution of a subsidiary	17,000

**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 period-to-date

	Individual Period		Variances		Cumulative Period		Variances	
	Quarter ended	Quarter ended			Period ended	Year ended		
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	Amount	%	Amount	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7,724	528	7,196	1,362.9	90,505	**	90,505	-
Profit before interest and tax before share of results of an associate	2,517	11	2,506	22,781.8	24,673	-	24,673	-
Profit before interest and tax	2,517	11	2,506	22,781.8	24,673	-	24,673	-
Profit/(Loss) before tax	2,448	(1)	2,449	244,900.0	24,121	-	24,121	-
Profit/(Loss) after tax	-	-	-	-	-	-	-	-
Profit/(Loss) attributable to owner of the Company	651	(1)	652	65,200.0	11,141	-	11,141	-

Current year quarter vs preceding year quarter

Revenue

The Group revenue for the current quarter under review of RM7.7 million increased by 1,363% as compared to quarter ended 30 June 2020 of RM0.5 million mainly due to revenue of RM84.9 million generated by Healthcare segment on supplying PCR test kits COVID-19 and providing laboratories molecular infectious diseases and oncology testing.

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 RM2.0 million. This segment has extended RM40.1 million of loans/advances to third party corporate loan debtors in the ordinary course of its business as a licensed moneylender in current quarter under review.

Profit before interest and tax ("PBIT")

The Group PBIT for current quarter of RM2.52 million was increased by RM2.51 million as compared to the quarter ended 30 June 2020 profit of RM0.01 million mainly due to profit generated by Healthcare segment in the current quarter.

** In view of the change in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 15 months financial period ended 30 June 2021.

B1. Review of performance (Cont'd)

1.2. Financial review for current quarter with immediate preceding quarter

	Current quarter ended 30.06.2021 RM'000	Immediate preceding quarter ended 31.03.2021 RM'000	Variances	
			Amount RM'000	%
Revenue	7,724	56,429	(48,705)	(86.3)
Profit before interest and tax and before share of results of an associate	2,517	13,192	(10,675)	(80.9)
Profit before interest and tax	2,517	13,215	(10,698)	(81.0)
Profit before tax	2,448	13,134	(10,686)	(81.4)
Profit after tax	-	10,233	(10,233)	(100.0)
Profit attributable to owner of the Company	651	6,026	(5,375)	(89.2)

Revenue

The Group revenue for the current quarter decreased by 86.3% as compared to immediate preceding quarter was mainly due to high demand of PCR test kits for COVID-19 from Healthcare segment in the immediate preceding quarter.

PBIT

The Group recorded a PBIT of RM2.5 million for the current quarter as compared to PBIT of RM13.2 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 30.06.2021 RM'000	Quarter ended 30.06.2020 RM'000	Period-to-date ended 30.06.2021 RM'000	Year-to-date ended 30.06.2020 RM'000
Revenue	53,290	-	84,890	**
Cost of sales	(38,749)	-	(57,230)	-
Gross profit	14,541	-	27,660	-
Other income	8	-	107	-
Operating expenses	(1,285)	-	(3,766)	-
Finance costs	(4)	-	(7)	-
Profit before taxation	13,260	-	23,994	-

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 30.06.2021 RM'000	Quarter ended 30.06.2020 RM'000	Period-to-date ended 30.06.2021 RM'000	Year-to-date ended 30.06.2020 RM'000
				**
Revenue	30	528	2,060	-
Cost of sales	(94)	(236)	(1,207)	-
Gross (loss)/profit	(64)	292	853	-
Other income	(1)	-	16	-
Operating expenses	(125)	(72)	(464)	-
Finance costs	(9)	(12)	(89)	-
(Loss)/Profit before taxation	(199)	208	316	-

Revenue and PBT

Revenue from S&A business segment decreased by 95% or RM0.5 million as compared to quarter ended 30 June 2020. 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.

Business Segment by Countries

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

	Quarter ended 30.06.2021		Quarter ended 30.06.2020		
	Malaysia RM'000	Total RM'000	Malaysia RM'000	Cambodia RM'000	Total RM'000
			**	**	**
Revenue	90,505	90,505	-	-	-
Profit before interest and tax and before share of results of an associate	24,673	24,673	-	-	-
Profit before interest and tax	24,673	24,673	-	-	-
Profit before tax	24,121	24,121	-	-	-
Profit after tax	-	-	-	-	-
Profit attributable to owner of the Company	11,141	11,141	-	-	-

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 19 August 2021, being the last practicable date from the date of the issue of this report.

Completed Corporate Exercises

- (i) 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;
 - (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;
 - (e) On 15 June 2021, the Board of Directors announced that based on the entitlement date for the Share Split as at 5.00 p.m. on 15 June 2021 (“Entitlement Date”), the existing number of 1,140,914,742 Hong Seng Shares as at the Entitlement Date will be subdivided into 2,281,829,484 Subdivided Shares pursuant to the Share Split. The 2,281,829,484 Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date; and
 - (f) On 16 June 2021, the Share Split had been completed following the listing of and quotation for 2,281,829,484 Subdivided Shares, 207,696,310 Subdivided ICPS and 66,336,782 Subdivided Warrants A on the Main Market of Bursa Securities.

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.

B5. Status of corporate proposal (Cont'd)

On-going Corporate Exercises (Cont'd)

- (ii) Proposed Bonus Issue of up to 936,973,858 free warrants (“Warrants B”) on the basis of 1 Warrant B for every 3 existing ordinary shares (“Proposed Bonus Issue of Warrants”)
- (a) On 28 May 2021, the Board of Directors announced that the Company proposed to undertake Proposed Bonus Issue of up to 936,973,858 free warrants (“Warrants B”) on the basis of 1 Warrant B for every 3 existing ordinary shares in Hong Seng (“Hong Seng Shares”) held on an entitlement date to be determined and announced later (“Proposed Bonus Issue of Warrants”);
- (b) On 29 June 2021, the Board of Directors announced that the additional listing application in relation to the Proposed Bonus Issue of Warrants had been submitted to Bursa Securities; and
- (c) On 6 August 2021, the Board of Directors announced that, Bursa Securities had vide its letter dated 6 August 2021, approved the following:-
- (i) admission to the Official List and listing and quotation for 894,473,692 Warrants B to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (ii) listing and quotation for up to 894,473,692 new Hong Seng Shares to be issued arising from the exercise of the Warrants B.

The approval granted by Bursa Securities for the Proposed Bonus Issue of Warrants is subject to the following conditions:-

- (i) The Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;
- (ii) The Company and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue of Warrants is completed; and
- (iv) The Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.

The Company is required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.

- (d) On 12 August 2021, the Board of Directors announced that the Company had decided to shorten the exercise period of the Warrants B from 5 years to 3 years in order to encourage the Warrant B holders to exercise their Warrants B within a shorter time period and participate directly in the Group’s future growth as the shareholders of the Company, which will also allow the Company to raise funds for the utilisation purposes as stated in Section 2.6 of the Announcement dated 28 May 2021 via the exercise of Warrants B into Hong Seng Shares by the Warrant B holders on 12 August 2021.

Apart from the amendment to the exercise period of the Warrants B, all the other indicative salient terms of the Warrants B as set out in the Announcement dated 28 May 2021 remain the same.

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 30 June 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	Fully utilised
Working capital requirements	938	938	Fully utilised
Estimated expenses in relation to the Corporate Exercises	1,090	1,090	Fully utilised
Turnkey agreement	30,000	30,000	Fully utilised
Working capital for moneylending and hire purchase businesses	17,000	17,000	Fully utilised
Working capital requirement of the Group	3,445	3,445	Fully utilised
	<u>53,097</u>	<u>53,097</u>	

B7. Group's borrowings and debts securities

The details of the Group's borrowings and debts securities outstanding as at 30 June 2021 are as follows:-

	Quarter ended 30.06.2021			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	2,939	1,548	4,487	664	195	859
Unsecured						
Bank Overdraft	-	418	418	-	1,090	1,090
Total Borrowings	2,939	1,966	4,905	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 30.06.2021	Quarter ended 30.06.2020	Period-to-date 30.06.2021	Year-to-date 30.06.2020
Profit/(Loss) attributable to owners of the Company	(RM'000)	651	(1)	11,141	-
Weighted average number of ordinary shares in issue	(Unit'000)	1,115,693	318,583	614,673	-
Basic earning/(loss) per share	(sen)	0.06	(0.0004)	1.81	-

B10. Earning per share (Cont'd)

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 30.06.2021	Quarter ended 30.06.2020	Period-to-date 30.06.2021	Year-to-date 30.06.2020 **
Profit/(Loss) attributable to owners of the Company (RM'000)	651	(1)	11,141	-
Weighted average number of ordinary shares in issue (Unit'000)	1,115,693	318,583	614,673	-
Effect of dilution:				
Exercise of ESOS option	55	(1,320)	37	-
Exercise of warrants	130,779	(177,240)	102,482	-
Adjusted weighted average number of ordinary shares in issue (Unit'000)	1,246,527	140,023	717,192	-
Diluted earning/(loss) per share (sen)	0.05	(0.0010)	1.55	-

** In view of the change in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 15 months financial period ended 30 June 2021.

B11. Related party transaction

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

	Quarter ended 30.06.2021 RM'000	Period-to-date ended 30.06.2021 RM'000
Rental of factory paid to a related party in which the party is a common director and substantial shareholder	390	1,235
Logistics services provided by a related party in which certain directors are common directors	5	6

B12. Qualification of financial statements

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