

HONG SENG CONSOLIDATED BHD 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIXTH QUARTER ENDED
30 SEPTEMBER 2021**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter 30.09.2021 RM	Quarter 30.09.2020 RM	Period-to-date 30.09.2021 RM	Year-to-date 30.09.2020 RM
Revenue		56,463,706	529,735	146,968,810	-
Cost of sales		(35,182,778)	(323,530)	(95,532,172)	-
Gross profit		21,280,928	206,205	51,436,638	-
Other income		34,200,604	2,018,997	36,638,980	-
Interest income		210,823	257,944	1,359,918	-
Impairment gain on financial assets		(2,579,952)	292,181	(1,838,939)	-
Selling and distribution expenses		(28,712)	-	(124,132)	-
Administration expenses		(5,446,308)	(1,160,512)	(14,578,789)	-
Other expenses		(1,953,553)	(11,667)	(2,536,554)	-
Finance cost		43,654	(173,749)	(508,647)	-
Share of results of a joint venture company		(50)	-	(50)	-
Profit before taxation		45,727,434	1,429,399	69,848,425	-
Tax expenses		(5,757,221)	-	(10,978,313)	-
Profit for the financial period		39,970,213	1,429,399	58,870,112	-
Other comprehensive income		87,156	-	87,156	-
Total comprehensive profit for the financial period		40,057,369	1,429,399	58,957,268	-
Profit attributable to:-					
Owners of the Company		35,224,486	1,429,399	46,365,803	-
Non-controlling interests		4,745,727	-	12,504,309	-
		39,970,213	1,429,399	58,870,112	-
Total comprehensive profit attributable to:-					
Owners of the Company		35,311,642	1,429,399	46,452,959	-
Non-controlling interests		4,745,727	-	12,504,309	-
		40,057,369	1,429,399	58,957,268	-
Earning per share attribute to equity holders of the Company (sen)					
- Basic	B10.1	2.69	0.33	6.30	-
- Diluted	B10.2	2.43	0.26	5.39	-

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 September 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 SEPTEMBER 2021

	As at 30.09.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	61,932,241	1,668,922
Intangible assets	13,750,000	-
Goodwill on consolidation	8,083,027	-
Other investments	9,519,943	9,432,787
Investment in a joint venture company	-	-
Contract costs	-	74,152
Total non-current assets	<u>93,285,211</u>	<u>11,175,861</u>
Current assets		
Inventories	9,000,086	-
Trade receivables	53,191,832	801,962
Other receivables	22,810,844	356,590
Amount due from a joint venture company	25,500	-
Contract costs	-	286,081
Tax recoverable	13,281	9,176
Other investments	13,584	31,849
Fixed deposits with licensed banks	15,905,220	30,282,500
Cash and bank balances	142,379,159	22,581,715
Total current assets	<u>243,339,506</u>	<u>54,349,873</u>
TOTAL ASSETS	<u>336,624,717</u>	<u>65,525,734</u>
LIABILITIES		
Non-current liabilities		
Lease liabilities	592,867	663,584
Contract liabilities	-	205,429
Total non-current liabilities	<u>625,098</u>	<u>869,013</u>
Current liabilities		
Trade payables	7,660,067	404,668
Other payables	13,268,750	1,072,593
Contract liabilities	-	565,916
Lease liabilities	304,143	195,376
Bank borrowings	15,302,483	1,090,295
Tax payable	5,155,282	211
Total current liabilities	<u>41,690,725</u>	<u>3,329,059</u>
TOTAL LIABILITIES	<u>42,315,823</u>	<u>4,198,072</u>

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

	As at 30.09.2021 (Unaudited) RM	As at 31.03.2020 (Audited) RM
Equity attributable to owners of the Company		
Share capital	250,615,397	46,146,632
Irredeemable convertible preference shares	56,765	39,822,853
Share option reserve	-	66,394
Fair value reserve	(863,432)	(950,588)
Retained earning/(Accumulated losses)	22,608,174	(23,757,629)
	<u>272,416,904</u>	<u>61,327,662</u>
Non-controlling interests	21,891,990	-
Total equity	<u>294,308,894</u>	<u>61,327,662</u>
TOTAL EQUITY AND LIABILITIES	<u>336,624,717</u>	<u>65,525,734</u>
Net asset per share attributable to owners of the Company (RM)	<u>0.1930</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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	46,365,803	46,365,803	12,504,309	58,870,112
Other comprehensive profit for the period	-	-	-	87,156	-	-	87,156	-	87,156
Net profit for the financial period/Total comprehensive profit for the period	-	-	-	87,156	-	46,365,803	46,452,959	12,504,309	58,957,268
Transactions with owners:									
Conversion of irredeemable convertible preference shares	159,064,350	(39,766,088)	-	-	-	-	119,298,262	-	119,298,262
Exercise of ESOS	210,000	-	(60,372)	-	-	-	149,628	-	149,628
Exercise of warrants	40,004,415	-	-	-	-	-	40,004,415	-	40,004,415
ESOS lapsed	-	-	(6,022)	-	-	-	(6,022)	-	(6,022)
Acquisition of subsidiary companies	5,190,000	-	-	-	-	-	5,190,000	9,387,681	14,577,681
Balance at 30 September 2021	250,615,397	56,765	-	(863,432)	-	22,608,174	272,416,904	21,891,990	294,308,894

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 September 2021.
- (ii) 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.

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Current Period Quarter 30.09.2021 RM	Preceding Year Quarter 30.09.2020 RM
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	69,848,425	-
Adjustments for:-		
Non-cash items	(1,539,860)	-
Non-operating items	(34,957,178)	-
Operating income before working capital changes	<u>33,351,387</u>	-
Net changes in inventories	(8,116,479)	-
Net changes in current assets	(53,984,245)	-
Net changes in current liabilities	3,517,302	-
Cash used in operations	<u>(25,232,035)</u>	-
Interest paid	(85,352)	-
Income tax paid	(6,109,815)	-
Net cashflow used in operating activities	<u>(31,427,202)</u>	-
CASHFLOW FOR INVESTING ACTIVITIES		
Acquisition of subsidiary companies	(17,444,105)	-
Interest received	1,359,918	-
Investment in a joint venture company	(50)	-
Purchase of property, plant and equipment	(60,877,133)	-
Proceeds from disposal of property, plant and equipment	520,000	-
Net cash outflow from disposal of a subsidiary company	34,396,235	-
Net cashflow used in investing activities	<u>(42,045,135)</u>	-
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	164,702,677	-
Drawdown of bank borrowings	15,000,000	-
Repayment of lease liabilities	(40,629)	-
Upliftment of fixed deposit	(5,622,001)	-
Net cashflow from financing activities	<u>174,040,047</u>	-
Net changes in cash and cash equivalents	100,567,710	-
Cash and cash equivalents at beginning of period	51,747,488	-
Cash and cash equivalents at end of period	<u>152,315,198</u>	-
Analysis of cash and cash equivalents		
Other investments	13,584	-
Bank overdraft	(302,483)	-
Fixed deposits	15,905,220	-
Cash and bank balances	142,379,159	-
	<u>157,995,480</u>	-
Less: Fixed deposits pledged	(5,680,282)	-
	<u>152,315,198</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 September 2021.
- (ii) 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 (“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 7 July 2021, 13 July 2021, 15 July 2021, 22 July 2021, 28 July 2021, 2 August 2021, 9 August 2021, 17 August 2021, 20 August 2021, 25 August 2021, 2 September 2021, 13 September 2021, 15 September 2021, 17 September 2021, 22 September 2021 and 27 September 2021, there are total of 155,417,500 ordinary shares have been issued pursuant to the conversion of 155,417,500 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 7 July 2021, 13 July 2021, 15 July 2021, 22 July 2021, 27 July 2021, 28 July 2021, 2 August 2021, 5 August 2021, 25 August 2021, 7 September 2021, 13 September 2021, 15 September 2021, 20 September 2021, 22 September 2021 and 27 September 2021, total of 44,260,000 ordinary shares have been issued pursuant to the exercise of 44,260,000 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.

A6. Debts and equity securities (Cont'd)

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 September 2021	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	140,553	3,090	1,726	1,600	146,969	-	146,969
Inter-segment sales	21	-	-	-	21	(21)	-
Total sales	140,574	3,090	1,726	1,600	146,990	(21)	146,969
Profit before tax	40,804	632	413	23,026	64,875	4,973	69,848
Segment assets	116,363	43,762	410	339,563	500,098	(163,473)	336,625
Segment liabilities	60,936	42,232	48,698	75,901	227,767	(185,451)	42,316

For the financial year ended 30 September 2020 **	Healthcare RM'000	Financial Services RM'000	Search & Advertising RM'000	Other RM'000	Total RM'000	Adjustments and eliminations RM'000	Total 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 18 months financial period ended 30 September 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 September 2021:-

- (i) Reference to announcements made on 4 November 2020, 9 November 2020, 18 March 2021 and 18 June 2021 in relation to the Memorandum of Understanding (“MOU”) entered into between HS Bio Sdn. Bhd. (formerly known as HS Bio Supplies Sdn. Bhd.) (“HS Bio”) (a wholly-owned subsidiary of the Company) and Shijiazhuang Yiling Pharmaceutical Co., Ltd (“Yiling Pharmaceutical”) (“Parties”).

On 5 July 2021, the Board of Directors announced that HS Bio and Yiling Pharmaceutical 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 (“RZAC”) 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 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;
- (iv) On 22 July 2021, the Board of Directors announced that its 51% owned sub-subsidiary 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 Ministry of Health Malaysia (“MOH”) 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;
- (v) 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.
- (vi) 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;

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

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

- (vii) On 17 September 2021, the Board of Directors announced that the Company had resolved to fix the exercise price of the Warrants B at RM2.60 each. Accordingly, Hong Seng had executed a deed poll constituting the Warrants B on 17 September 2021;
- (viii) On 17 September 2021, the Board of Directors announced that the Company had submitted an application to Bursa Securities for a further extension of time of 6 months (i.e. from 7 October 2021 until 6 April 2022) for Hong Seng to complete the implementation of the Private Placement;
- (ix) Reference to announcements made on 4 November 2020, 9 November 2020, 18 March 2021 and 18 June 2021 in relation to the MOU entered between HS Bio with Beijing Applied Biological Technologies Co., Ltd (“XABT”).

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.

The MOU was intended for the Parties to obtain the relevant approval from the MOH for the registration of XABT’s 2019-nCoV PCR test kit in Malaysia. Further to the special access approval as granted by the Medical Device Authority of MOH to HS Bio on 22 March 2021, on 20 September 2021, XABT had agreed for HS Bio to act as their local partner in Malaysia for the distribution of their products in Malaysia. Subsequently, HS Bio had commenced to procure their products to supply to authorised laboratories in Malaysia;

- (x) On 28 September 2021, the Board of Directors announced that Bursa Securities had vide its letter dated 28 September 2021 granted the Company a further extension of time of 6 months (i.e. from 7 October 2021 until 6 April 2022) to complete the implementation of the Private Placement; and
- (xi) On 29 September 2021, the Board of Directors announced that eMedAsia Sdn Bhd (“eMedAsia”), a 52% owned subsidiary of HS Bio, had entered into a Collaboration Agreement with Pow Pocket Sdn Bhd (“Pow Pocket”) to jointly cooperate and collaborate in respect to the digitalisation of the healthcare services nationwide through their respective e-commerce platforms subject to the terms and conditions of the agreement.

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

The following were the material events subsequent to the financial period ended 30 September 2021:-

- (i) Reference made to announcement on 23 July 2021 in relation to Heads of Agreement (“HOA”) entered between HS Bio with Dato’ Seri Shahril Bin Mokhtar, Datuk Wan Khalik Bin Wan Muhammad and RZAC Business Sdn Bhd (collectively referred to as the “Vendors”) in relation to the proposed acquisition of 510,000 ordinary shares in RZAC, representing 51% of the equity interest in RZAC.

Pursuant to the HOA, the Board of Directors announced that HS Bio has on 1 October 2021 entered into a SSA with the Vendors, to undertake the proposed acquisition of 510,000 ordinary shares in RZAC, representing 51% of the equity interest in RZAC, from the Vendors for a total purchase consideration of RM20 million to be satisfied via a combination of cash payment of RM2 million and issuance of 37,800 new ordinary shares in HS Bio at an issue price of approximately RM476 each.

Separately, HS Bio has also on 1 October 2021 entered into a Shareholders’ Agreement with the Vendors to set forth all their rights and obligations between each other as well as to define and regulate their relationship in respect to the organisation, management and operations of RZAC;

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

The following were the material events subsequent to the financial period ended 30 September 2021 (Cont'd):-

- (ii) Reference made to announcement on 23 July 2021 in relation to Heads of Agreement (“HOA”) entered between HS Bio with Dato’ Seri Shahril Bin Mokhtar, Datuk Wan Khalik Bin Wan Muhammad and RZAC Business Sdn Bhd (collectively referred to as the “Vendors”) in relation to the proposed acquisition of 510,000 ordinary shares in RZAC, representing 51% of the equity interest in RZAC.

Pursuant to the HOA, the Board of Directors announced that HS Bio has on 1 October 2021 entered into a SSA with the Vendors, to undertake the proposed acquisition of 510,000 ordinary shares in RZAC, representing 51% of the equity interest in RZAC, from the Vendors for a total purchase consideration of RM20 million to be satisfied via a combination of cash payment of RM2 million and issuance of 37,800 new ordinary shares in HS Bio at an issue price of approximately RM476 each.

Separately, HS Bio has also on 1 October 2021 entered into a Shareholders’ Agreement with the Vendors to set forth all their rights and obligations between each other as well as to define and regulate their relationship in respect to the organisation, management and operations of RZAC;

- (iii) On 6 October 2021, total of 20,100 ordinary shares have been issued pursuant to the conversion of 20,100 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 5,900 ordinary shares have been issued pursuant to the exercise of 5,900 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (iv) On 8 October 2021, the Board of Directors announced that HS Bio had entered into a HOA with Russell Walter Boyd in relation to the proposed acquisition of 510,000 ordinary shares in Pow Pocket, representing 51% of the equity interest in Pow Pocket for a total proposed purchase consideration of RM200 million;
- (v) On 12 October 2021, total of 48,000 ordinary shares have been issued pursuant to the conversion of 48,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 45,100 ordinary shares have been issued pursuant to the exercise of 45,100 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (vi) On 12 October 2021, the Board of Directors announced that the Bonus Issue of Warrants has been completed following the listing of and quotation for the 850,811,683 Warrants B on the Main Market of Bursa Securities on 12 October 2021;
- (vii) On 15 October 2021, total of 74,500 ordinary shares have been issued pursuant to the conversion of 74,500 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 63,300 ordinary shares have been issued pursuant to the exercise of 63,300 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (viii) On 21 October 2021, total of 2,000 ordinary shares have been issued pursuant to the conversion of 2,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 23,900 ordinary shares have been issued pursuant to the exercise of 23,900 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (ix) On 26 October 2021, total of 46,400 ordinary shares have been issued pursuant to the exercise of 46,400 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (x) Reference to our announcements made on 16 February 2021 and 25 June 2021 in respect of a sublease of an industrial land measuring approximately 102.60 acres located at Kedah Rubber City (“KRC”) from Northern Corridor Implementation Authority for the purpose of building and operating a nitrile butadiene latex (“NBL”) manufacturing plant in KRC (“KRC NBL Project”) and announcement made on 9 February 2021 in respect of the Pre-Contract Agreement with PH2 Global Limited to conduct a feasibility study in relation to the KRC NBL Project. The feasibility study takes into consideration of the market demand, prospects of gloves and NBL market as well as profitability analysis for the operation of the NBL plant. After taking into consideration of the feasibility study and internal assessment, the Board had decided to undertake the KRC NBL Project.

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

The following were the material events subsequent to the financial period ended 30 September 2021 (Cont'd):-

- (x) Further to the above, on 1 November 2021, the Board of Directors of Hong Seng announced that Hong Seng Industries Sdn Bhd (a wholly-owned subsidiary of the Company) had entered into a Master Services and License Agreement with Pacific Hemisphere Sdn Bhd (“PCF”) to engage PCF as a technology provider in relation to the KRC NBL Project subject to the terms and conditions as contained in the agreement;
- (xi) On 1 November 2021, the Board of Directors announced that HS Petchem Logistics Sdn Bhd (“HS Petchem”) (a wholly-owned subsidiary of the Company) had accepted the Letter of Offer issued by Penang Port Sdn Bhd for the sub-lease of a part of an industrial land located at Prai Bulk Cargo Terminal, Pulau Pinang measuring 12,140 square meter in area for a period of 20 years for a total rental payment of RM8,529,564;
- (xii) On 2 November 2021, total of 33,500 ordinary shares have been issued pursuant to the conversion of 33,500 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 26,700 ordinary shares have been issued pursuant to the exercise of 26,700 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (xiii) On 9 November 2021, total of 22,000 ordinary shares have been issued pursuant to the conversion of 22,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 18,700 ordinary shares have been issued pursuant to the exercise of 18,700 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (xiv) On 10 November 2021, the Board of Directors announced that NLSB has via its 60% owned subsidiary, Neogenix Evo Sdn Bhd, entered into a MOU with Universiti Tunku Abdul Rahman (“UTAR”) to explore areas for cooperation in relation to the UTAR Hospital Project subject to the terms and conditions of the MOU;
- (xv) On 12 November 2021, total of 95,000 ordinary shares have been issued pursuant to the conversion of 95,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 56,600 ordinary shares have been issued pursuant to the exercise of 56,600 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share; and
- (xvi) On 18 November 2021, total of 60,300 ordinary shares have been issued pursuant to the conversion of 60,300 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 36,700 ordinary shares have been issued pursuant to the exercise of 36,700 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share.

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) (“HSPM”) representing entire equity interest in HSPM for a total consideration of RM420,621.00 only. HSPM 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;

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):-

- (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;
- (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 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 2 December 2020, the Company had incorporated a wholly-owned subsidiary, Hong Seng Industries Sdn Bhd (“HSISB”) with an initial share capital of RM100.00 comprising 100 ordinary shares. HSISB is principally engaged in manufacturing and trading of nitrile butadiene latex and other related business;
- (ix) 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;
- (x) 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;
- (xi) On 29 January 2021, NLSB had incorporated a wholly-owned subsidiary, Neogenix Sabah Sdn Bhd (“NeoSabah”) with an initial share capital of RM100.00 comprising 100 ordinary shares. NeoSabah is principally engaged in the business of genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services;
- (xii) 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;
- (xiii) 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 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;

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):-

- (xiv) On 16 July 2021, NLSB had acquired a 51% of the entire interest in Neogenix Sarawak Sdn Bhd (“NeoSarawak”), comprising 510 ordinary shares for a cash consideration of RM510.00 only;
- (xv) On 21 September 2021, NLSB had incorporated a wholly-owned subsidiary, Neogenix Food Science Sdn Bhd (“NFSSB”) with an initial share capital of RM1000.00 comprising 1000 ordinary shares. NFSSB is principally engaged in the business of design, develop, and manufacture consumables, disposables, equipment, devices, reagents, kits, medicines, vaccines, food ingredients, food products, supplements, and technology in the field of life sciences, pharmaceutical, medical, healthcare, food and agricultural sciences, computer sciences, engineering, and information technology as well as buying, selling, trading, marketing, distribute, and logistic services;
- (xvi) On 24 September 2021, the Board of Directors announced that the Company had entered into a SSA with Robust Potential Sdn Bhd, for the disposal of 2,000,000 ordinary shares in HSPM, representing 100% of the equity interest in HSPM, for a total cash consideration of RM34.50 million;
- (xvii) On 7 October 2021, HS Bio had incorporated a wholly-owned subsidiary, HS Cloud Lab Sdn Bhd (“HSCLSB”) with an initial share capital of RM100.00 comprising 100 ordinary shares. HSCLSB is principally engaged in the business of genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services as well as laboratory services management system;
- (xviii) On 29 October 2021, HSGSB, a wholly-owned subsidiary of the Company has entered into a SSA with Cahaya Infra Sdn Bhd for the proposed acquisition of the entire equity interest in Hypercove Sdn Bhd (“Hypercove”), comprising 100,000 ordinary shares in Hypercove for a total cash consideration of RM2,200,000.00 only

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 30.09.2021 RM'000
Authorised and contracted for:	
Turnkey commissioning of Nitrile Butadiene Rubber double former glove dipping production line	11,880
Sublease payment pursuant to the Kedah Rubber City land's sublease agreement	33,520
	45,400

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 30.09.2021 RM'000
Corporate guarantee given to a financial institution of subsidiaries	72,000

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			
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	Amount	%	Amount	%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	56,464	530	55,934	10,553.6	146,969		**	146,969	-
Profit before interest and tax									
before share of results of an associate	45,684	1,603	44,081	2,749.9	70,357	-	-	70,357	-
Profit before interest and tax	45,684	1,603	44,081	2,749.9	70,357	-	-	70,357	-
Profit before tax	45,727	1,429	44,298	(3,099.9)	69,848	-	-	69,848	-
Profit after tax	39,970	1,429	38,541	(2,697.1)	58,870	-	-	58,870	-
Profit attributable to owners of the Company	35,224	1,429	33,795	(2,364.9)	46,366	-	-	46,366	-

Current year quarter vs preceding year quarter

Revenue

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

The Group revenue for the current quarter under review of RM56.5 million increased by RM55.9 million as compared to quarter ended 30 September 2020 of RM0.5 million mainly due to revenue of RM55.7 million generated by Healthcare segment on supplying COVID-19 PCR test kits and providing laboratories for COVID-19 PCR test, molecular infectious diseases and oncology testing.

Financial services segment consists of hire purchase business and moneylending business which contributed a revenue of RM3.1 million. This segment has extended RM27.5 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 RM45.7 million was increased by RM44.1 million as compared to the quarter ended 30 September 2020 of RM1.6 million mainly due to profit generated by Healthcare segment and gain on disposal of a subsidiary from financial services segment amounting RM33.6 million in the current quarter under review.

** 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 18 months financial period ended 30 September 2021.

B1. Review of performance (Cont'd)

1.2. Financial review for current quarter with immediate preceding quarter

	Current quarter ended 30.09.2021 RM'000	Immediate preceding quarter ended 30.06.2021 RM'000	Variances	
			Amount RM'000	%
Revenue	56,464	7,724	48,740	631.0
Profit before interest and tax and before share of results of an associate	45,684	2,517	43,167	1,715.0
Profit before interest and tax	45,684	2,517	43,167	1,715.0
Profit before tax	45,727	2,448	43,279	1,767.9
Profit after tax	39,970	1,926	38,044	1,975.3
Profit attributable to owner of the Company	35,224	651	34,573	5,310.8

Revenue

The Group revenue for the current quarter increased by RM48.7 million as compared to immediate preceding quarter was mainly due to higher sales of COVID-19 PCR test kits supplied by Healthcare segment in the current quarter.

PBIT

The Group recorded a PBIT of RM45.7 million for the current quarter as compared to PBIT of RM2.5 million for the immediate preceding quarter. This is mainly due to profit generated by Healthcare segment and gain on disposal of a subsidiary from financial services segment amounting RM33.6 million in the current quarter under review.

1.3. Analysis of the performance of business segments

Healthcare business segment

	Individual Period		Cumulative Period	
	Quarter ended 30.09.2021 RM'000	Quarter ended 30.09.2020 RM'000	Period-to-date ended 30.09.2021 RM'000	Year-to-date ended 30.09.2020 RM'000
Revenue	55,663	-	140,553	-
Cost of sales	(33,996)	-	(91,226)	-
Gross profit	21,667	-	49,327	-
Other income	383	-	490	-
Operating expenses	(6,612)	-	(10,378)	-
Finance costs	(42)	-	(49)	-
Profit before taxation	15,396	-	39,390	-

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 RM55.7 million and PBT of RM15.4 million via supplying COVID-19 PCR test kits.

** 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 18 months financial period ended 30 September 2021.

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 30.09.2021 RM'000	Quarter ended 30.09.2020 RM'000	Period-to-date ended 30.09.2021 RM'000	Year-to-date ended 30.09.2020 RM'000
Revenue	(334)	329	1,726	-
Cost of sales	(48)	(323)	(1,255)	-
Gross (loss)/profit	(382)	6	471	-
Other income	514	-	530	-
Operating expenses	(73)	(5)	(537)	-
Finance costs	(30)	(35)	(119)	-
(Loss)/Profit before taxation	29	(34)	345	-

Revenue and PBT

Revenue from S&A business segment decreased by 202% or RM0.7 million as compared to quarter ended 30 September 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.

** 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 18 months financial period ended 30 September 2021.

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 18 November 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.

- (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;
 - (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.

B5. Status of corporate proposal (Cont'd)

Completed 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”) (Cont'd)
- (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;
- (e) On 17 September 2021, the Board of Directors announced that the Company had resolved to fix the exercise price of the Warrants B at RM2.60 each. Accordingly, Hong Seng had executed a deed poll constituting the Warrants B on 17 September 2021; and
- (f) On 12 October 2021, the Board of Directors announced that the Bonus Issue of Warrants has been completed following the listing of and quotation for the 850,811,683 Warrants B on the Main Market of Bursa Securities on 12 October 2021.

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;
- (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;
- (e) On 17 September 2021, the Board of Directors announced that the Company had submitted an application to Bursa Securities for a further extension of time of 6 months (i.e. from 7 October 2021 until 6 April 2022) for Hong Seng to complete the implementation of the Private Placement; and
- (f) On 28 September 2021, the Board of Directors announced that Bursa Securities had vide its letter dated 28 September 2021 granted the Company a further extension of time of 6 months (i.e. from 7 October 2021 until 6 April 2022) to complete the implementation of the Private Placement.

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.

Proceeds raised from corporate proposals (Rights Issue of Shares with Warrants and Rights Issue of ICPS) had been fully utilised as at 30 June 2021.

B7. Group’s borrowings and debts securities

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

	Quarter ended 30.09.2021			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	593	304	897	664	195	859
Bank borrowings	-	15,000	15,000	-	-	-
Unsecured						
Bank overdraft	-	302	302	-	1,090	1,090
Total Borrowings	593	15,606	16,199	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 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 30.09.2021	Quarter ended 30.09.2020	Period-to-date 30.09.2021	Year-to-date 30.09.2020
Profit attributable to owners of the Company	(RM'000)	35,224	1,429	46,366	-
Weighted average number of ordinary shares in issue	(Unit'000)	1,310,626	430,934	735,460	-
Basic earning per share	(sen)	2.69	0.33	6.30	-

10.2 Diluted earning per share

The diluted earning per share is calculated by dividing the net profit 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 30.09.2021	Quarter ended 30.09.2020	Period-to-date 30.09.2021	Year-to-date 30.09.2020
Profit attributable to owners of the Company	(RM'000)	35,224	1,429	46,366	-
Weighted average number of ordinary shares in issue	(Unit'000)	1,310,626	430,934	735,460	-
Effect of dilution:					
Exercise of ESOS option		-	450	-	-
Exercise of warrants		138,514	121,485	124,248	-
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	1,449,140	552,869	859,708	-
Diluted earning per share	(sen)	2.43	0.26	5.39	-

** 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 18 months financial period ended 30 September 2021.

B11. Qualification of financial statements

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