

**HONG SENG CONSOLIDATED BHD** 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED  
31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter	Quarter	Period-to-date	Year-to-date
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM	RM	RM	RM
Revenue		75,860,365	25,293,546	75,860,365	-
Cost of sales		(32,963,723)	(17,171,093)	(32,963,723)	-
Gross profit		42,896,642	8,122,453	42,896,642	-
Other income		14,449,437	384,298	14,449,437	-
Interest income		317,351	221,186	317,351	-
Impairment gain on financial assets		236,030	184,811	236,030	-
Selling and distribution expenses		(51,817)	-	(51,817)	-
Administration expenses		(6,253,551)	(1,562,715)	(6,253,551)	-
Other expenses		(27,792)	-	(27,792)	-
Finance cost		(154,783)	(215,514)	(154,783)	-
Share of results of an associate company		(886)	(23,008)	(886)	-
Profit before taxation		51,410,631	7,111,511	51,410,631	-
Tax expenses		(7,488,378)	(1,798,307)	(7,488,378)	-
Profit for the financial period		43,922,253	5,313,204	43,922,253	-
Dividend declared		(600,000)	-	(600,000)	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		43,322,253	5,313,204	43,322,253	-
<b>Profit attributable to:-</b>					
Owners of the Company		41,383,537	3,035,486	41,383,537	-
Non-controlling interests		1,938,716	2,277,718	1,938,716	-
		43,322,253	5,313,204	43,322,253	-
<b>Total comprehensive income attributable to:-</b>					
Owners of the Company		41,383,537	3,035,486	41,383,537	-
Non-controlling interests		1,938,716	2,277,718	1,938,716	-
		43,322,253	5,313,204	43,322,253	-
Earning per share attribute to equity holders of the Company (sen)					
- Basic	<b>B9.1</b>	1.62	0.59	1.62	-
- Diluted	<b>B9.2</b>	1.25	0.24	1.25	-

Notes:

- (i) 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 period ended 30 September 2021 and the accompanying explanatory notes attached to the quarterly report.
- (ii) In view of the changed of financial year end from 12 months ended 31 March to 2021 to 18 months ended 30 September 2021, the current reporting financial period will be for a period of 3 months, made up from 1 October 2021 to 31 December 2021. Furthermore, there is no comparative figures for the preceding year-to-date.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

	As at 31.12.2021 (Unaudited) RM	As at 30.09.2021 (Audited) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	79,009,349	61,932,241
Intangible assets	13,000,000	13,750,000
Goodwill on consolidation	29,814,721	8,083,027
Investment in an associate company	1,103,921	-
Other investments	9,519,943	9,519,943
Fixed deposits with licensed banks	6,358,576	5,667,001
<b>Total non-current assets</b>	<b>138,806,510</b>	<b>98,952,212</b>
<b>Current assets</b>		
Inventories	11,385,643	9,000,086
Trade receivables	103,759,068	53,191,832
Other receivables	20,994,657	22,810,844
Amount due from a joint venture company	53,516	25,500
Other investments	-	13,584
Tax recoverable	153,687	13,281
Fixed deposits with licensed banks	42,486,277	10,238,219
Cash and bank balances	69,176,006	142,379,159
<b>Total current assets</b>	<b>248,008,854</b>	<b>237,672,505</b>
<b>TOTAL ASSETS</b>	<b>386,815,364</b>	<b>336,624,717</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	406,843	592,867
Deferred tax liability	32,231	32,231
<b>Total non-current liabilities</b>	<b>439,074</b>	<b>625,098</b>
<b>Current liabilities</b>		
Trade payables	8,622,541	7,660,067
Other payables	31,142,914	13,268,750
Lease liabilities	1,064,183	304,143
Bank borrowings	-	15,302,483
Tax payable	8,865,220	5,155,282
<b>Total current liabilities</b>	<b>49,694,858</b>	<b>41,690,725</b>
<b>TOTAL LIABILITIES</b>	<b>50,133,932</b>	<b>42,315,823</b>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021 (CONT'D)

	As at 31.12.2021 (Unaudited) RM	As at 30.09.2021 (Audited) RM
<b>Equity attributable to owners of the Company</b>		
Share capital	250,866,061	250,615,397
Irredeemable convertible preference shares	42,745	56,765
Retained earnings	63,991,711	22,608,174
Fair value reserve	(863,432)	(863,432)
	<u>314,037,085</u>	<u>272,416,904</u>
Non-controlling interests	22,644,347	21,891,990
<b>Total equity</b>	<u>336,681,432</u>	<u>294,308,894</u>
 <b>TOTAL EQUITY AND LIABILITIES</b>	 <u><b>386,815,364</b></u>	 <u><b>336,624,717</b></u>
 Net asset per share attributable to owners of the Company (RM)	 <u>0.1230</u>	 <u>0.1067</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 September 2021 and the accompanying explanatory notes attached to the quarterly report.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

	----- Attributable To Owners of the Company ----->								
	----- Non-Distributable ----->			Distributable					
	Share capital RM	Irredeemable convertible preference shares RM	Share option reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Fair value reserve RM	Total RM	Non- controlling interests RM	Total equity RM
<b>At 1 April 2020</b>	46,146,632	39,822,853	66,394	-	(23,757,629)	(950,588)	61,327,662	-	61,327,662
Net profit for the financial period	-	-	-	-	4,463,514	-	4,463,514	2,277,718	6,741,232
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	4,463,514	-	4,463,514	2,277,718	6,741,232
<b>Transactions with owners:</b>									
Conversion of irredeemable convertible preference shares	40,073,220	(10,018,305)	-	-	-	-	30,054,915	-	30,054,915
Exercise of ESOS	210,000	-	-	-	-	-	210,000	-	210,000
Acquisition of subsidiary companies	-	-	-	-	-	-	-	364,678	364,678
Reversal of share-based payment under ESOS	-	-	(60,372)	-	-	-	(60,372)	-	(60,372)
<b>Balance at 31 December 2020</b>	86,429,852	29,804,548	6,022	-	(19,294,115)	(950,588)	95,995,719	2,642,396	98,638,115
<b>At 1 October 2021</b>	250,615,397	56,765	-	-	22,608,174	(863,432)	272,416,904	21,891,990	294,308,894
Net profit for the financial period	-	-	-	-	41,983,537	-	41,983,537	1,938,716	43,922,253
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	41,983,537	-	41,983,537	1,938,716	43,922,253
<b>Transactions with owners:</b>									
Conversion of irredeemable convertible preference shares	56,080	(14,020)	-	-	-	-	42,060	-	42,060
Exercise of warrants	194,584	-	-	-	-	-	194,584	-	194,584
Acquisition of subsidiary companies	-	-	-	-	-	-	-	444,036	444,036
Disposal of subsidiary companies	-	-	-	-	-	-	-	(1,630,395)	(1,630,395)
Dividend declared	-	-	-	-	(600,000)	-	(600,000)	-	(600,000)
<b>Balance at 31 December 2021</b>	250,866,061	42,745	-	-	63,991,711	(863,432)	314,037,085	22,644,347	336,681,432

Notes:

- (i) The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 September 2021 and the accompanying explanatory notes attached to the quarterly report.
- (ii) In view of the changed of financial year end from 12 months ended 31 March to 2021 to 18 months ended 30 September 2021, the current reporting financial period will be for a period of 3 months, made up from 1 October 2021 to 31 December 2021. Furthermore, there is no comparative figures for the preceding year-to-date.

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Current Period Quarter 31.12.2021 RM	Preceding Year Quarter 31.12.2020 RM
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	51,410,631	-
Adjustments for:		
Non-cash items	1,523,377	-
Non-operating items	(15,299,113)	-
<b>Operating income before working capital changes</b>	<u>37,634,895</u>	-
Net changes in inventories	(2,385,557)	-
Net changes in current assets	(57,292,140)	-
Net changes in current liabilities	6,272,722	-
<b>Cash used in operations</b>	<u>(15,770,080)</u>	-
Interest paid	(14,857)	-
Income tax paid	(1,360,113)	-
<b>Net cashflow used in operating activities</b>	<u>(17,145,050)</u>	-
<b>CASHFLOW FOR INVESTING ACTIVITIES</b>		
Acquisition of subsidiary companies	(22,155,974)	-
Interest received	317,351	-
Net cashflow from disposal of a subsidiary company	15,149,870	-
Purchase of property, plant and equipment	(1,904,629)	-
Subscription of shares in an associate company	(48,900)	-
<b>Net cashflow used in investing activities</b>	<u>(8,642,282)</u>	-
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(15,000,000)	-
Placement of fixed deposit pledged	(691,575)	-
Proceeds from issuance of shares	236,644	-
Repayment of lease liabilities	576,067	-
<b>Net cashflow used in financing activities</b>	<u>(14,878,864)</u>	-
Net changes in cash and cash equivalents	(40,666,196)	-
Cash and cash equivalents at beginning of period	152,328,479	-
Cash and cash equivalents at end of period	<u>111,662,283</u>	-
<b>Analysis of cash and cash equivalents</b>		
Fixed deposits	48,844,853	-
Cash and bank balances	69,176,006	-
	<u>118,020,859</u>	-
Less: Fixed deposits pledged	(6,358,576)	-
	<u>111,662,283</u>	-

Notes:

- (i) The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 30 September 2021 and the accompanying explanatory notes attached to the quarterly report.
- (ii) In view of the changed of financial year end from 12 months ended 31 March to 2021 to 18 months ended 30 September 2021, the current reporting financial period will be for a period of 3 months, made up from 1 October 2021 to 31 December 2021. Furthermore, there is no comparative figures for the preceding year-to-date.

**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 period ended 30 September 2021.

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 period ended 30 September 2021 except for the adoption of the new and revised MFRSs which are mandatory for financial periods beginning on or after 1 October 2021.

**A2. Qualification of financial statements**

The auditors’ report of the preceding financial statements for the financial period ended 30 September 2021 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 October 2021, 12 October 2021, 15 October 2021, 21 October 2021, 2 November 2021, 9 November 2021, 12 November 2021, 18 November 2021, 23 November 2021, 2 December 2021, 16 December 2021, 22 December 2021 and 30 December 2021, there are total of 560,800 ordinary shares have been issued pursuant to the conversion of 560,800 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 6 October 2021, 12 October 2021, 15 October 2021, 21 October 2021, 26 October 2021, 2 November 2021, 9 November 2021, 12 November 2021, 18 November 2021, 23 November 2021, 2 December 2021, 9 December 2021, 16 December 2021 and 22 December 2021, total of 580,800 ordinary shares have been issued pursuant to the exercise of 580,800 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.

On 2 December 2021 and 9 December 2021, total of 45,800 ordinary shares have been issued pursuant to the exercise of 45,800 Warrant B by the way of conversion of 1 unit Warrant B with payment of RM2.60 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:-

<b>For the financial period ended 31 December 2021</b>	<b>Healthcare RM'000</b>	<b>Financial Services RM'000</b>	<b>Gloves RM'000</b>	<b>Other RM'000</b>	<b>Total RM'000</b>	<b>Adjustments and eliminations RM'000</b>	<b>Total RM'000</b>
Sales to external customer	58,449	525	16,997	(111)	75,860	-	75,860
Inter-segment sales	34	-	1	-	35	(35)	-
<b>Total sales</b>	<b>58,483</b>	<b>525</b>	<b>16,998</b>	<b>(111)</b>	<b>75,895</b>	<b>(35)</b>	<b>75,860</b>
Profit before tax	30,898	387	6,956	29,093	67,334	(15,923)	51,411
Segment assets	121,228	74,012	92,473	323,420	611,133	(224,318)	386,815
Segment liabilities	49,627	72,190	85,040	60,980	267,837	(217,703)	50,134
<b>For the financial year ended 31 December 2020 **</b>	<b>Healthcare RM'000</b>	<b>Financial Services RM'000</b>	<b>Gloves RM'000</b>	<b>Other RM'000</b>	<b>Total RM'000</b>	<b>Adjustments and eliminations RM'000</b>	<b>Total RM'000</b>
Sales to external customer	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-
<b>Total sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loss before tax	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-

\*\* In view of the changed in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 3 months financial period ended 31 December 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 31 December 2021:-

- (i) 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;
- (ii) 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.

Further to the above, on 1 November 2021, the Board of Directors announced that Hong Seng Industries Sdn Bhd (“HSISB”) 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;

- (iii) On 1 November 2021, the Board of Directors announced that HS Petchem Logistics Sdn Bhd (“HS Petchem”) 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;
- (iv) On 10 November 2021, the Board of Directors announced that Neogenix Laboratoire Sdn Bhd (“Neogenix Lab”) has via its 60% owned subsidiary, Neogenix Evo Sdn Bhd (“Neogenix Evo”), entered into a Memorandum of Understanding (“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;
- (v) On 20 December 2021, the Board of Directors announced that Neogenix Sdn Bhd (“Neogenix”), a 60% owned subsidiary of HS Bio Sdn Bhd (“HS Bio”) had on 19 December 2021 received a “Surat Perlantikan” i.e. a letter of appointment (“LOA”) from the office of Menteri Besar Johor to appoint Neogenix to provide medical screening of COVID-19 tests for on-arrival testing for “Vaccinated Travel Lane” (VTL) at all domestic international gateways and towards the reopening of the border to daily travellers or “Daily Commuting Arrangement” (“DCA”) subject to the terms and conditions as set out in the LOA; and
- (vi) On 23 December 2021, the Board of Directors announced that the Company proposes to undertake the Proposed Bonus Issue. The Proposed Bonus Issue entails the issuance of up to 3,520,465,659 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Hong Seng Share held by the shareholders of Hong Seng whose names appear on the record of depositors of the Company on the Entitlement Date.

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

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

- (i) On 3 January 2022, the Board of Directors announced that HS Bio had entered into a Shares Sale Agreement (“SSA”) with Kuan Chee Sian and Joveen Neoh Wan Fen (collectively referred to as the “Vendors”), to undertake the proposed acquisition of 80,000 ordinary shares in Neogenix Lab, representing 40% of the equity interest in Neogenix Lab, from the Vendors for a total cash purchase consideration of RM3,400,000. Subsequently, Neogenix Lab becomes 100% wholly-owned sub-subsiary of the Group;
- (ii) On 3 January 2022, the Board of Directors announced that HS Bio had issued a Letter of Intent (“LOI”) to Aura Tec Sdn Bhd (“Aura Tec”) for the proposed acquisition of 70% stake in Aura Tec, which the LOI was accepted by Aura Tec on even date;
- (iii) On 6 January 2022, total of 11,000 ordinary shares have been issued pursuant to the conversion of 11,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 20,100 ordinary shares have been issued pursuant to the exercise of 20,100 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (iv) On 12 January 2022, the Board of Directors announced that Neogenix Lab had entered into a Collaborative Research And Development Agreement (“Agreement”) with Tropical Infectious Diseases Research and Education Centre (“TIDREC”) of Universiti Malaya (“UM”) to jointly co-operate to conduct research and development project subject to the terms and conditions of the Agreement;
- (v) On 13 January 2022, total of 4,100 ordinary shares have been issued pursuant to the conversion of 4,100 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 43,000 ordinary shares have been issued pursuant to the exercise of 43,000 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share;
- (vi) On 25 January 2022, total of 5,000 ordinary shares have been issued pursuant to the conversion of 5,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share; 1,000 ordinary shares have been issued pursuant to the exercise of 1,000 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share and 600 ordinary shares have been issued pursuant to the exercise of 600 Warrant B by the way of conversion of 1 unit Warrant B with payment of RM2.60 in cash for 1 new ordinary share;
- (vii) On 26 January 2022, the Board of Directors announced that Neogenix Lab had entered into a SSA with Ong Kah Hoe and Ong Kim Chong @ Ong Hwee Choo (collectively referred to as the “Vendors”), to undertake the proposed acquisition of 1,000,000 ordinary shares in Premiumway Development Sdn Bhd (“PDSB”), representing 100% of the equity interest in PDSB, from the Vendors for a total cash purchase consideration of RM1,091,243;
- (viii) On 27 January 2022, total of 1,000 ordinary shares have been issued pursuant to the exercise of 1,000 Warrant A by the way of conversion of 1 unit Warrant B 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 31 December 2021 (Cont'd):-

- (ix) On 7 February 2022, the Board of Directors announced that the Company had accepted the LOI from Mitsui & Co. (Malaysia) Sdn Bhd (“Mitsui”) to form a strategic partnership for Hong Seng’s Nitrile Butadiene Latex (“NBL”) business at Kedah Rubber City and integrated logistics services business at Penang.

On 25 June 2021, HSISB, our wholly-owned subsidiary had entered into a sublease agreement with Northern Corridor Implementation Authority for a sublease of an industrial land located at Kedah Rubber City whereby our Group is desirous of building and operating a Nitrile Butadiene Latex (“NBL”) manufacturing plant (“NBL Plant”).

On 1 November 2021, HS Petchem had accepted the Letter of Offer issued by Penang Port Sdn Bhd for sub-lease of a part of an industrial land located at Prai Bulk Cargo Terminal, Pulau Pinang. Our Group is desirous of constructing a tank farm for the feedstock storage and supply of Butadiene and Acrylonitrile petrochemicals as well as provisioning of logistics services for the delivery of the said feedstock (“Tank Farm”).

The LOI expresses the intentions of the Parties to engage in exclusive negotiations to form strategic partnerships in relation to the NBL Plant and Tank Farm;

- (x) On 8 February 2022, 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;
- (xi) Reference made to announcement on 10 November 2021 in relation to the MOU entered with UTAR to explore areas for cooperation in relation to the UTAR Hospital Project.

On 9 February 2022, the Board of Directors announced that pursuant to the MOU, the Parties are still in the midst of discussing and negotiating the separate agreement to set out detailed arrangements for collaboration which will stipulate the scope, timeframe, and objectives of the activity in detail as well as the responsibilities and commitment of resources of each Party (“Agreement”). Further announcement will be made by the Company in the event that the Parties reach the Agreement;

- (xii) On 10 February 2022, total of 22,900 ordinary shares have been issued pursuant to the conversion of 22,900 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.075 in cash for 1 new ordinary share and 3,700 ordinary shares have been issued pursuant to the exercise of 3,700 Warrant A by the way of conversion of 1 unit Warrant A with payment of RM0.13 in cash for 1 new ordinary share; and

**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) 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 to pay to Vendors within 30 days from the completion date of the SSA and issuance of 37,800 new ordinary shares in HS Bio at an issue price of approximately RM476 each subject to fulfillment of the Conditions Subsequent within 12 months from the date of the SSA.

On 1 October 2021, HS Bio has 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.

This proposed acquisition had been completed on 30 November 2021.

- (ii) 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;
- (iii) On 8 October 2021, the Board of Directors announced that HS Bio had entered into a Head of Agreements (“HOA”) with Russell Walter Boyd (“Vendor”) in relation to the proposed acquisition of 510,000 ordinary shares in Pow Pocket Sdn Bhd (“Pow Pocket”), representing 51% of the equity interest in Pow Pocket for a total proposed purchase consideration of RM200 million.

Pursuant to the HOA, the Parties shall enter into a Definitive Agreement upon fulfilment of the Conditions Precedent as set out in the HOA, amongst others, upon the outcome of the due diligence exercise conducted by HS Bio on Pow Pocket. Unless the HOA is terminated by the Parties, the HOA shall be valid for 2 months from the date of the HOA or such other date as agreed by the Parties, or until the date of the Definitive Agreement.

On 7 December 2021, the Board of Directors announced that HS Bio has yet to complete the due diligence exercise on Pow Pocket and pursuant thereto, the Board wishes to announce that HS Bio and the Vendor have mutually agree to extend the Exclusivity Period of the HOA for a further period of 3 months to 8 March 2022 for the satisfaction of the Conditions Precedent as set out in the HOA;

- (iv) On 29 October 2021, Hong Seng Gloves Sdn Bhd, 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. Upon completion, Hypercove becomes wholly-owned sub-sub-subsidiary of the Group;
- (v) On 30 November 2021, HS Freight and Forwarding Sdn Bhd (“HFFSB”) issued 99,900 units of new ordinary shares at an issue price of RM1.00 per ordinary share for a total cash consideration of RM99,900. The Company subscribed for 48,900 units of these new ordinary shares. Consequently, the Company’s equity interest in HFFSB reduced to 49% and HFFSB becomes an associate of the Group;

**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):-

- (vi) On 8 December 2021, CASD Solutions Sdn Bhd entered into a SSA with Trident Delight Sdn Bhd to dispose 80% equity interest in Aspire Knowledge Sdn Bhd comprising 80,000 ordinary shares for a total cash consideration of RM8,000,000;
- (vii) On 24 December 2021, the Company entered into a SSA with Sheng Wei Pte Ltd (“Sheng Wei”) to dispose 75% equity interest in Cyber Business Solutions Sdn Bhd comprising 2,417,420 ordinary shares for a total cash consideration of RM100; and
- (viii) On 24 December 2021, CBSA Bizhub Sdn Bhd entered into a SSA with Sheng Wei to dispose 75% equity interest in Panpages Online Sdn Bhd (“POSB”) comprising 750,000 ordinary shares, together with its subsidiary company, Panpages Media Sdn Bhd (“PMSB”) for a total cash consideration of RM9,500,000. POSB owned 100% of the issued and paid-up capital of PMSB at the date of disposal.

**A13. Capital commitments**

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

	<b>As at 31.12.2021 RM'000</b>
<b>Authorised and contracted for:</b>	
Turnkey commissioning of Nitrile Butadiene Rubber double former glove dipping production line	5,940
Sublease payment pursuant to the Kedah Rubber City land's sublease agreement	33,520
Renovation of staff hostel	124
Pre-EPCC works and services in relation to the KRC NBL Project	524
Master Services and License Agreement in relation to the KRC NBL Project	11,246
	51,354

**A14. Contingent assets or liabilities**

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

	<b>As at 31.12.2021 RM'000</b>
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		
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	Amount	%	Amount	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	75,860	25,294	50,566	199.9	75,860	**	75,860	-
Profit before interest and tax								
before share of results of an associate	51,566	7,350	44,216	601.6	51,566	-	51,566	-
Profit before interest and tax	51,565	7,327	44,238	603.8	51,565	-	51,565	-
Profit before tax	51,411	7,112	44,299	(622.9)	51,411	-	51,411	-
Profit after tax	43,922	5,313	38,609	(726.7)	43,922	-	43,922	-
Profit attributable to owners of the Company	41,384	3,035	38,349	(1,263.6)	41,384	-	41,384	-

**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 Gloves segment.

The Group's revenue for the current quarter under review of RM75.9 million was increased by RM50.6 million as compared to the financial quarter ended 31 December 2020 of RM25.3 million. The improvement mainly due to higher revenue generated from healthcare segment, which comprising of sales of COVID-19 PCR test kits and providing laboratories services for COVID-19 PCR tests, molecular infectious diseases and oncology testing as well as license fee received from the grant of Medibox's intellectual property right to a licensee during the financial quarter under review.

The gloves segment has recorded a revenue of RM17.0 million which derived by gloves manufacturing business since its commencement of production from October 2021 in the current quarter under review.

Financial services segment consists of moneylending business which contributed a revenue of RM0.5 million. This segment has extended RM60.2 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's PBIT for current quarter of RM51.6 million was increased by RM44.2 million as compared to the quarter ended 31 December 2020 of RM7.4 million mainly due to profit generated from healthcare segment (increase of RM23.7 million), profit generated from glove manufacturing business of RM7.0 million and gain on disposal of subsidiaries amounting to RM14.4 million in the current quarter under review.

\*\* In view of the changed in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 3 months financial period ended 31 December 2021.

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

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

	Current quarter ended 31.12.2021 RM'000	Immediate preceding quarter ended 30.09.2021 RM'000	Variances	
			Amount RM'000	%
Revenue	75,860	56,464	19,396	34.4
Profit before interest and tax and before share of results of an associate	51,566	45,684	5,882	12.9
Profit before interest and tax	51,565	45,684	5,881	12.9
Profit before tax	51,411	45,727	5,684	12.4
Profit after tax	43,922	39,970	3,952	9.9
Profit attributable to owner of the Company	41,384	35,224	6,160	17.5

Revenue

The Group revenue for the current quarter increased by RM19.4 million as compared to immediate preceding quarter was mainly due to upsurge of RM15.3 million revenue from healthcare segments and revenue from gloves segment of RM17.0 million derived by gloves manufacturing business since its commencement of production from October 2021. This increment was offsetting by the absent of revenue from training and seminar services (which amounted RM12.5 million was generated for immediate preceding quarter ended 30 September 2021), subsequently, this subsidiary was disposed in the current quarter under review.

PBIT

The Group recorded a PBIT of RM51.6 million for the current quarter as compared to PBIT of RM45.7 million for the immediate preceding quarter. This is mainly due to profit generated by healthcare segment and gloves segment.

**B2. Group's prospects**

The Group has aggressively expanded to include four (4) key growth drivers (ie: Healthcare, Glove Manufacturing, Nitrile Butadiene Latex ("NBL") and Integrated Logistics Services which are expected to transform Hong Seng into a conglomerate with diverse business segments that are all able to shine both locally and internationally.

Through its wholly-owned subsidiary, Hong Seng Gloves Sdn Bhd ("HS Gloves"), the Group is in the midst of commissioning six (6) units of Nitrile Butadiene Rubber ("NBR") double former glove dipping production lines at Sungai Petani, Kedah. The productions have commenced in October 2021. Subsequently, the Group plans to expand the production capacity up to 16 lines by end of 2022.

Meanwhile, the Group through its wholly-owned subsidiary Hong Seng Industries Sdn Bhd ("HS Industries") has signed an agreement with the Malaysian Northern Corridor Implementation Authority ("NCIA") to sublease a 102.6-acres industrial land located at Kedah Rubber City ("KRC") for the purpose of setting up its world class integrated NBL manufacturing plant with a planned capacity of up to 960KTPA in four (4) phases. NBL is the raw material required to produce nitrile gloves.

This will enable us to be an integrated glove and NBL manufacturer in Malaysia by having both upstream and downstream segments of the glove manufacturing supply chain. Upon completion, it is expected to contribute up to 20% of the world's total NBL supply.

Lastly but the most interesting of all, the Group is banking on its healthcare arm, HS Bio Group to be the most comprehensive player in the Malaysian private healthcare sector with its end-to-end medical supply chain management solutions. HS Bio is actively involved in managing the entire end-to-end supply chain of COVID-19 testing processes known as HealthChain.

HealthChain encompasses everything from the front-facing and back-end processes, physical logistics, digital healthcare platform, laboratory facilities and research & development ("R&D") services, as well as the provision of medical & healthcare supplies. HS Bio aims to digitalise the entire healthcare industry to build a seamless ecosystem for how medical services will be provided and carried out in future.

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 February 2022, being the last practicable date from the date of the issue of this report.

**Completed Corporate Exercises**

- (i) 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.
  - (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.

**B5. Status of corporate proposal (Cont'd)**

**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.
  
- (ii) Proposed Bonus Issue on the basis of 1 Bonus Share for every 1 existing Hong Seng Share held by the shareholders of Hong Seng (“Proposed Bonus Issue”)
  - (a) On 23 December 2021, the Board of Directors announced that the Company proposes to undertake the Proposed Bonus Issue entails the issuance of up to 3,520,465,659 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Hong Seng Share held by the shareholders of Hong Seng; and
  - (b) On 19 January 2022, the Board of Directors announced that that the additional listing application in relation to the Proposed Bonus Issue has been submitted to Bursa Securities.

**B6. Group's borrowings and debts securities**

The details of the Group's borrowings and debts securities outstanding as at 31 December 2021 are as follows:-

	Quarter ended 31.12.2021			Quarter ended 30.09.2021		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
<b>Secured</b>						
Lease liabilities	407	1,064	1,471	593	304	897
Bank borrowings	-	-	-	-	15,000	15,000
<b>Unsecured</b>						
Bank overdraft	-	-	-	-	302	302
<b>Total Borrowings</b>	<b>407</b>	<b>1,064</b>	<b>1,471</b>	<b>593</b>	<b>15,606</b>	<b>16,199</b>

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

The bank borrowings obtained from local banks bears interest of 3.77% to 7.70% (2021: 3.77% to 7.70%).

**B7. 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.

**B8. Dividends**

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

**B9. Earning per share**

**9.1 Basic earning per share**

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

		Individual Period		Cumulative Period	
		Quarter ended 31.12.2021	Quarter ended 31.12.2020	Period-to-date 31.12.2021	Year-to-date 31.12.2020
Profit attributable to owners of the Company	(RM'000)	41,384	3,035	41,384	-
Weighted average number of ordinary shares in issue	(Unit'000)	2,553,015	518,621	2,553,015	-
Basic earning per share	(sen)	1.62	0.59	1.62	-

**9.2 Diluted earning per share**

The diluted earning per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon full conversion of the remaining IPCS, Warrant A and Warrant B.

		Individual Period		Cumulative Period	
		Quarter ended 31.12.2021	Quarter ended 31.12.2020	Period-to-date 31.12.2021	Year-to-date 31.12.2020
Profit attributable to owners of the Company	(RM'000)	41,384	3,035	41,384	-
Weighted average number of ordinary shares in issue	(Unit'000)	2,553,015	518,621	2,553,015	-
Effect of dilution:					
Effect of outstanding ICPS		1,997	596,901	1,997	-
Effect of outstanding warrants		749,935	159,291	749,935	-
Effect of outstanding ESOS		-	191	-	-
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	3,304,947	1,275,004	3,304,947	-
Diluted earning per share	(sen)	1.25	0.24	1.25	-

\*\* In view of the changed in financial year end from 31 March 2021 to 30 September 2021, there were no comparative financial information available for the 3 months financial period ended 31 December 2021.

**B10. Qualification of financial statements**

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