

HONG SENG CONSOLIDATED BHD 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 MARCH 2022**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter	Quarter	Period-to-date	Year-to-date (ii)
		31.3.2022	31.03.2021	31.3.2022	31.03.2021
		RM	RM	RM	RM
Revenue		117,610,440	56,429,452	193,470,805	-
Cost of sales		(57,508,166)	(40,614,176)	(90,471,889)	-
Gross profit		60,102,274	15,815,276	102,998,916	-
Other income		9,700,438	29,387	23,549,875	-
Interest income		178,210	159,609	495,561	-
Impairment gain on financial assets		24,956	8,490	260,986	-
Selling and distribution expenses		(65,790)	-	(117,607)	-
Administration expenses		(6,975,343)	(2,820,837)	(13,228,894)	-
Other expenses		(361)	-	(28,153)	-
Finance costs		(136,945)	(81,365)	(291,728)	-
Share of results of associates		467,520	23,008	466,634	-
Profit before taxation		63,294,959	13,133,568	114,105,590	-
Tax expenses		(15,117,012)	(2,900,714)	(22,605,390)	-
Profit for the financial period		48,177,947	10,232,854	91,500,200	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		48,177,947	10,232,854	91,500,200	-
Profit attributable to:-					
Owners of the Company		42,297,340	6,026,484	83,680,877	-
Non-controlling interests		5,880,607	4,206,370	7,819,323	-
		48,177,947	10,232,854	91,500,200	-
Total comprehensive income attributable to:-					
Owners of the Company		42,297,340	6,026,484	83,680,877	-
Non-controlling interests		5,880,607	4,206,370	7,819,323	-
		48,177,947	10,232,854	91,500,200	-
Earning per share attributable to equity holders of the Company (sen)					
- Basic	B9.1	1.66	0.45	3.28	-
- Diluted	B9.2	1.24	0.35	2.46	-

Notes:

- (i) The condensed consolidated statements 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, there is no comparative figures for the preceding year-to-date. The current reporting financial period is for a period of 6 months, made up from 1 October 2021 to 31 March 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	As at 31.3.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	117,796,162	61,932,241
Intangible assets	12,250,000	13,750,000
Goodwill on consolidation	29,827,685	8,083,027
Investment in an associate company	42,588	-
Other investments	9,520,033	9,519,943
Development costs	3,589,943	-
Fixed deposits with licensed banks	1,261,444	5,667,001
Total non-current assets	<u>174,287,855</u>	<u>98,952,212</u>
Current assets		
Inventories	19,518,607	9,000,086
Trade receivables	127,938,877	53,191,832
Other receivables	16,172,189	22,810,844
Amount due from a joint venture company	53,405	25,500
Amount due from an associate	26	-
Other investments	-	13,584
Tax recoverable	119,131	13,281
Fixed deposits with licensed banks	8,159,751	10,238,219
Cash and bank balances	126,722,465	142,379,159
Total current assets	<u>298,684,451</u>	<u>237,672,505</u>
TOTAL ASSETS	<u>472,972,306</u>	<u>336,624,717</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	251,446,486	250,615,397
Irredeemable convertible preference shares	35,878	56,765
Retained earnings	106,500,185	22,608,174
Fair value reserve	(863,432)	(863,432)
Equity attributable to owners of the Company	<u>357,119,117</u>	<u>272,416,904</u>
Non-controlling interests	<u>23,124,196</u>	<u>21,891,990</u>
Total equity	<u>380,243,313</u>	<u>294,308,894</u>
Non-current liabilities		
Lease liabilities	965,887	592,867
Bank borrowings	12,941,538	-
Deferred tax liabilities	32,231	32,231
Total non-current liabilities	<u>13,939,656</u>	<u>625,098</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022 (CONT'D)

	As at 31.3.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
Current liabilities		
Trade payables	10,247,342	7,660,067
Other payables	36,918,610	13,268,750
Lease liabilities	428,954	304,143
Bank borrowings	8,114,748	15,302,483
Tax payable	23,079,683	5,155,282
Total current liabilities	<u>78,789,337</u>	<u>41,690,725</u>
TOTAL LIABILITIES	<u>92,728,993</u>	<u>42,315,823</u>
TOTAL EQUITY AND LIABILITIES	<u>472,972,306</u>	<u>336,624,717</u>
Net asset per share attributable to owners of the Company (RM)	<u>0.1398</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.

HONG SENG CONSOLIDATED BHD 200101001581 (537337M)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022**

	← Attributable To Owners of the Company →						Non-controlling interests RM	Total equity RM
	Share capital RM	Non-Distributable Irredeemable convertible preference shares RM	Distributable Retained earnings RM	Fair value reserve RM	Total RM	Total RM		
At 1 October 2021	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	-	-	83,680,877	-	83,680,877	7,819,323	91,500,200	
Other comprehensive income for the financial period	-	-	-	-	-	-	-	
Total comprehensive income for the financial period	-	-	83,680,877	-	83,680,877	7,819,323	91,500,200	
Transactions with owners:								
Conversion of irredeemable convertible preference shares	83,550	(20,887)	-	-	62,663	-	62,663	
Exercise of warrants	747,539	-	-	-	747,539	-	747,539	
Acquisition of subsidiary companies	-	-	-	-	-	431,580	431,580	
Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	6,000,000	6,000,000	
Disposal of subsidiary companies	-	-	-	-	-	(1,019,473)	(1,019,473)	
Changes in subsidiaries's ownership interests that do not result in a loss of control	-	-	211,134	-	211,134	(3,611,224)	(3,400,090)	
Dividend received by non-controlling interests	-	-	-	-	-	(8,388,000)	(8,388,000)	
Balance at 31 March 2022	251,446,486	35,878	106,500,185	(863,432)	357,119,117	23,124,196	380,243,313	

Notes:

- (i) The condensed consolidated statements 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, there is no comparative figures for the preceding year-to-date. The current reporting financial period is for a period of 6 months, made up from 1 October 2021 to 31 March 2022.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022

	Current Period Quarter 31.3.2022 RM	Preceding Year Quarter (ii) 31.03.2021 RM
CASH FLOW FOR OPERATING ACTIVITIES		
Profit before taxation	114,105,590	-
Adjustments for:		
Non-cash items	3,469,236	-
Non-operating items	(21,756,321)	-
Operating income before working capital changes	<u>95,818,505</u>	-
Net changes in inventories	(10,465,508)	-
Net changes in current assets	(76,734,199)	-
Net changes in current liabilities	(15,596,224)	-
Cash for operations	<u>(6,977,426)</u>	-
Interest paid	(291,728)	-
Income tax paid	(2,128,161)	-
Net cash for operating activities	<u>(9,397,315)</u>	-
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies	(5,075,944)	-
Acquisition of non-controlling interests	(3,400,090)	-
Interest received	495,561	-
Net cash inflow from disposal of subsidiary companies	19,826,380	-
Proceeds from disposal of property, plant and equipment	409,999	-
Purchase of property, plant and equipment	(15,063,988)	-
Proceed from disposal of associates	3,100,001	-
Development costs paid	(3,589,943)	-
Subscription of shares in an associate company	(48,900)	-
Subscription by non-controlling interests in the shares of subsidiary companies	6,000,000	-
Net cash from investing activities	<u>2,653,076</u>	-
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(8,388,000)	-
Repayment of bank borrowings	(8,187,440)	-
Release of fixed deposits pledged	4,405,557	-
Proceeds from issuance of shares	810,202	-
Repayment of lease liabilities	657,657	-
Net cash for financing activities	<u>(10,702,024)</u>	-
Net changes in cash and cash equivalents	(17,446,263)	-
Cash and cash equivalents at the beginning of period	<u>152,328,479</u>	-
Cash and cash equivalents at the end of period	<u>134,882,216</u>	-
Analysis of cash and cash equivalents		
Fixed deposits	9,421,195	-
Cash and bank balances	<u>126,722,465</u>	-
	136,143,660	-
Less: Fixed deposits pledged	<u>(1,261,444)</u>	-
	<u>134,882,216</u>	-

Notes:

- (i) The condensed consolidated statements 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, there is no comparative figures for the preceding year-to-date. The current reporting financial period is for a period of 6 months, made up from 1 October 2021 to 31 March 2022.

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 (“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 January 2022, 13 January 2022, 25 January 2022, 8 February 2022, 10 February 2022, 17 February 2022, 24 February 2022, 1 March 2022 and 10 March 2022, there are total of 274,700 ordinary shares have been issued pursuant to the conversion of 274,700 Irredeemable Convertible Preference Shares (“ICPS”) by way of conversion of 1 unit of ICPS with payment of RM0.075 each in cash for 1 new ordinary share.

On 6 January 2022, 13 January 2022, 25 January 2022, 27 January 2022, 10 February 2022, 24 February 2022, 1 March 2022 and 10 March 2022, total of 101,500 ordinary shares have been issued pursuant to the exercise of 101,500 Warrant 2019/2024 (“Warrant A”) by way of the exercise of 1 unit of Warrant A with payment of RM0.13 each in cash for 1 new ordinary share.

On 25 January 2022, 10 March 2022, 22 March 2022 and 30 March 2022, total of 207,600 ordinary shares have been issued pursuant to the exercise of 207,600 Warrant 2021/2024 (“Warrant B”) by way of the exercise of 1 unit of Warrant B with payment of RM2.60 each in cash for 1 new ordinary share.

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

A7. Dividends paid

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

A8. Segmental information

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

For the financial period ended 31 March 2022	Financial				Total RM'000	Adjustments and eliminations		Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Other RM'000		RM'000	RM'000	
Sales to external customer	156,263	1,431	35,888	(111)	193,471	-	193,471	
Inter-segment sales	83	-	-	-	83	(83)	-	
Total sales	156,346	1,431	35,888	(111)	193,554	(83)	193,471	
Profit before tax	92,204	1,217	14,829	32,651	140,901	(26,795)	114,106	
Segment assets	217,327	104,907	137,057	324,447	783,738	(310,766)	472,972	
Segment liabilities	109,046	102,454	124,642	69,953	406,095	(313,366)	92,729	

For the financial year ended 31 March 2021 **	Financial				Total RM'000	Adjustments and eliminations		Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Other RM'000		RM'000	RM'000	
Sales to external customer	-	-	-	-	-	-	-	
Inter-segment sales	-	-	-	-	-	-	-	
Total sales	-	-	-	-	-	-	-	
Profit before tax	-	-	-	-	-	-	-	
Segment assets	-	-	-	-	-	-	-	
Segment liabilities	-	-	-	-	-	-	-	

** In view of the changed of financial year end from 31 March 2021 to 30 September 2021, there is no comparative figures for the preceding year-to-date.

A9. Valuation of property, plant and equipment

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

A10. Material events during the interim period

The following were the material events during the financial period ended 31 March 2022:-

- (i) On 3 January 2022, the Board of Directors of the Company (“the Board”) announced that HS Bio Sdn Bhd (“HS Bio”), a wholly-owned subsidiary of the Company, has 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 Laboratoire Sdn Bhd (“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 a wholly-owned sub-subsi-dary of the Group;
- (ii) On 3 January 2022, the Board announced that HS Bio has 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 12 January 2022, the Board announced that Neogenix Lab has entered into a Collaborative Research And Development Agreement with Tropical Infectious Diseases Research and Education Centre of Universiti Malaya to jointly co-operate to conduct research and development project subject to the terms and conditions of this agreement;
- (iv) On 26 January 2022, the Board announced that Neogenix Lab has 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;
- (v) On 26 January 2022, on behalf of Hong Seng, TA Securities Holdings Berhad (“TA Securities”) announced that Bursa Securities has, vide its letter dated 26 January 2022, approved the proposed bonus issue which entails the issuance of up to 3,520,465,659 new ordinary shares (“Bonus Shares”) in Hong Seng on the basis of 1 Bonus Share for every 1 existing share (“Hong Seng Share”) held on the entitlement date to determined and announced later;
- (vi) On 7 February 2022, the Board announced that the Company has accepted a LOI from Mitsui & Co. (Malaysia) Sdn Bhd 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.

The Group is desirous of building and operating a NBL manufacturing plant (“NBL Plant”) at Kedah Rubber City. The Group is also 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”) in Penang.

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

- (vii) On 4 March 2022, the Board announced that, HS Bio has entered into a letter of termination with Russell Walter Boyd to terminate the Heads of Agreement entered into between HS Bio and Russell Walter Boyd on 8 October 2021 for the proposed acquisition of 51% equity interest in Pow Pocket Sdn Bhd. The mutual termination was made on the ground that both parties were unable to reach a consensus to agree the proposed purchase consideration for the proposed acquisition. Neither party shall have any further claim against the other for costs, damages or compensation as a result of the termination;

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

The following were the material events during the financial period ended 31 March 2022 (Cont'd):-

- (viii) Reference made to the Company's announcement made on 1 November 2021 in relation to a 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 (approximately 3 acres) ("the Land") in area for a period of 20 years for a total rental payment of RM8,529,564.

Pursuant to the Letter of Offer, the parties shall enter into a Sub-Lease Agreement within 90 days from 1 November 2021.

On 14 March 2022, the Board announced that the parties further agreed to extend the said timeline to on or before 14 June 2022 to finalise and execute the Sub-Lease Agreement for the sub-lease of both combined Land and an additional land measuring 16,187 square meter (approximately 4 acres) adjoining to the existing Land ("Additional Land"). The approval of Additional Land is subject to Penang Port Commission's and Penang Port Sdn Bhd's internal approvals.

The Additional Land is required for the purpose of accommodating the intended storage capacity requirements of the tanks and its related facilities as well as for future expansion plan of HS Petchem Logistics Sdn Bhd, a wholly owned subsidiary of Hong Seng, in relation to its Integrated Logistics Services business.

In the event the parties are unable to finalise and execute the Sub-Lease Agreement on or before 14 June 2022, any party may give notice in writing to the other, request for a further extension of time to finalise and execute the Sub-Lease Agreement and subject to the mutual agreement of the parties; and

- (ix) On 22 March 2022, the Board announced that eMedAsia Sdn Bhd ("eMedAsia"), a 52% owned subsidiary of HS Bio, has entered into a Collaboration and Commitment Agreement for National Disaster Management Agency ("NADMA")'s foreign workers recruitment and quarantine management with the panel of hotels whose represented by Dato' Shahrul Nasrun Bin Dato' Hj Kamarudin, Chairman of Cahaya Pengurusan Cekap Sdn Bhd and Dato' Mohamad Fardzli Bin Idrus, Director of Faz Group Sdn Bhd to set out the respective roles, responsibilities and service levels of each party in respect to their participation in the National Security and Safety for Foreign Workers Recruitment and Quarantine Management Programme.

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

The following were the material events subsequent to the financial period ended 31 March 2022:-

- (i) On 6 April 2022, the Board announced that eMedAsia has entered into a Collaboration Agreement with CLEA Technology Sdn Bhd ("CLEA") to jointly cooperate and collaborate exclusively in respect to the provisioning of Virtual Covid-19 Screening ("VCS") through their respective network and expertise subject to the terms and conditions of this agreement.

Pursuant to the above, the Board further announced that eMedAsia has on 15 April 2022 entered into a Detailed Collaboration Agreement with CLEA which set out in more detail their understanding in relation to the collaboration subject to the new detailed terms and conditions as set out in this detailed agreement;

- (ii) On 7 April 2022, HS Bio has entered into a Collaboration Agreement with Mediven Innovation Ventures Sdn Bhd to jointly cooperate and collaborate in respect to the provisioning of healthcare products and services through their respective network and capabilities subject to the terms and conditions of this agreement;
- (iii) On 14 April 2022, eMedAsia has entered into a Collaboration Agreement with MXM International Sdn Bhd to set forth all their roles and responsibilities between each other as well as to define and regulate their relationship in respect to the marketing, promotion and membership package arrangement of eTravelSavers program through their respective platform, network and expertise subject to the terms and conditions of this agreement; and

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 March 2022 (Cont'd):-

- (iv) Reference made to announcements made on 10 November 2021 and 9 February 2022 in relation to the Memorandum of Understanding (“MOU”) entered with Universiti Tunku Abdul Rahman (“UTAR”) to explore areas for cooperation in relation to UTAR Hospital Project.

The MOU is intended for the parties to jointly co-operate to further spur the medical education for the future generations and to explore areas for cooperation in relation to the UTAR Hospital Project. As at 9 May 2022, the said project has yet to be commenced pending the completion of the hospital construction.

Upon completion of the hospital construction, the parties shall proceed to finalise the 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.

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 3 January 2022, HS Bio has entered into a SSA with Kuan Chee Sian and Joveen Neo Wan Fen for the proposed acquisition of the remaining 40% equity interest in Neogenix Lab, comprising 80,000 ordinary shares in Neogenix Lab for a total cash consideration of RM3,400,000. The proposed acquisition has been completed on 4 January 2022. Neogenix Lab becomes a wholly-owned sub-subsidiary of the Group.;
- (ii) On 12 January 2022, the Company has incorporated a wholly-owned subsidiary, HS Bio Holdings Sdn Bhd (“Bio Holdings”) with an initial share capital of RM2,100,000 comprising 2,100,000 ordinary shares. Bio Holdings intends to engage in the business of provision of medical supplies and healthcare related products and services, supply chain management services, investment holding and general trading and services;
- (iii) On 26 January 2022, Neogenix Lab has entered into a SSA with Ong Kah Hoe and Ong Kim Chong @ Ong Hwee Choo for the proposed acquisition of the entire equity interest in PDSB, comprising 1,000,000 ordinary shares in PDSB for a total cash consideration of RM1,091,243. The proposed acquisition has been completed on 31 March 2022. PDSB becomes a wholly-owned sub-subsidiary of the Group.;
- (iv) On 15 March 2022, Neogenix Lab has incorporated a wholly-owned subsidiary, Neogenix Care Sdn Bhd (“Neogenix Care”) with an initial share capital of RM1.00 comprising 100 ordinary shares. Neogenix Care intends to engage in the business of provision in medical diagnostic including swabbing services and collection of samples and business of consultants, advisors and to act as agent, representative in respect of all activities related to medical and healthcare industries;
- (v) On 15 March 2022, Neogenix Lab has incorporated a wholly-owned subsidiary, Neogenix Nexus Sdn Bhd (“Neogenix Nexus”) with an initial share capital of RM1.00 comprising 100 ordinary shares. Neogenix Nexus intends to engage in the business of provision in medical diagnostic including swabbing services and collection of samples and business of consultants, advisors and to act as agent, representative in respect of all activities related to medical and healthcare industries;
- (vi) On 23 March 2022, the Company has entered into a SSA with Sheng Wei Pte Ltd (“Sheng Wei”) to dispose 25% equity interest in Cyber Business Solutions Sdn Bhd comprising 805,806 ordinary shares for a total cash consideration of RM1. The disposal has been completed on 29 March 2022;
- (vii) On 23 March 2022, CBSA Bizhub Sdn Bhd, a wholly-owned subsidiary of the Company, has entered into a SSA with Sheng Wei to dispose 25% equity interest in Panpages Online Sdn Bhd (“POSB”) comprising 250,000 ordinary shares, together with its subsidiary company, Panpages Media Sdn Bhd (“PMSB”) for a total cash consideration of RM3,100,000. POSB owned 100% of the issued and paid-up capital of PMSB at the date of disposal. The disposal has been completed on 29 March 2022;

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):-

(viii) During the quarter under review, Neogenix Lab has acquired additional 9% equity interest in Neogenix (Sarawak) Sdn Bhd (“Neogenix Sarawak”) and consequently, Neogenix Lab’s equity interest in Neogenix Sarawak has increased to 60%.

On 28 March 2022, Neogenix Lab has entered into a SSA with Chee Yi Hao to dispose 51% equity interest in Neogenix Sarawak comprising 510 ordinary shares for a total cash consideration of RM5,000,000. The disposal has been completed on 30 March 2022. Consequently, Neogenix Sarawak becomes a simple investment company of the Group.

(ix) On 30 March 2022, eMedAsia has issued 17,500 units of new ordinary shares and HS Bio has subscribed for additional 11,500 new ordinary shares in eMedAsia for a total cash consideration of RM2,400,000. Consequently, HS Bio’s equity interest in eMedAsia has increased from 52% to 60% and eMedAsia remained as a subsidiary of the Group.

A13. Capital commitments

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

	As at 31.3.2022 RM'000
Authorised and contracted for:	
Turnkey commissioning of Nitrile Butadiene Rubber double former glove dipping production line	2,970
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
Commissioning double former glove dipping production line	6,080
	<u>54,464</u>

A14. Contingent assets or liabilities

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

	As at 31.3.2022 RM'000
Corporate guarantee given to a financial institution for credit facilities granted to certain subsidiaries	<u>80,000</u>

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

B1. Review of performance

1.1 Financial review for the current quarter and financial period-to-date

	Individual Period		Variances		Cumulative Period		Variances	
	Quarter ended	Quarter ended			Period ended	Year ended		
	31.3.2022 RM'000	31.03.2021 RM'000	Amount RM'000	%	31.3.2022 RM'000	31.03.2021 RM'000	Amount RM'000	%
Revenue	117,610	56,429	61,181	108.4	193,471	**	193,471	-
Profit before interest and tax before share of results of associates	62,964	13,192	49,772	377.3	113,931	-	113,931	-
Profit before interest and tax	63,432	13,215	50,217	380.0	114,397	-	114,397	-
Profit before tax	63,295	13,134	50,161	381.9	114,106	-	114,106	-
Profit after tax	48,178	10,233	37,945	370.8	91,500	-	91,500	-
Profit attributable to owners of the Company	42,297	6,026	36,271	601.9	83,681	-	83,681	-

Current year quarter vs preceding year quarter

Revenue

Revenue for the current quarter under review comprises revenue derived from Healthcare segment, Financial Services segment and Gloves segment.

The Group's revenue for the current quarter under review of RM117.6 million was increased by RM61.2 million as compared to the financial quarter ended 31 March 2021 of RM56.4 million. The improvement was mainly due to higher revenue generated from healthcare segment, which consisted of sales of COVID-19 PCR test kits, medical supplies and providing laboratories services for COVID-19 PCR tests during the financial quarter under review.

The Gloves segment has recorded a revenue of RM18.9 million in the current quarter under review which derived from gloves manufacturing business since its commencement of production in October 2021.

Financial Services segment consists of moneylending business which contributed a revenue of RM0.9 million in the current quarter. This segment has extended RM62.6 million of loans 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 the current quarter of RM63.4 million was increased by RM50.2 million as compared to the quarter ended 31 March 2021 of RM13.2 million mainly due to profit generated from Healthcare segment (increased by RM39.1 million) and profit generated from glove manufacturing business of RM7.9 million in current quarter under review.

** In view of the changed of financial year end from 31 March 2021 to 30 September 2021, there is no comparative figures for the preceding year-to-date.

B1. Review of performance (Cont'd)

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

	Current quarter ended 31.3.2022 RM'000	Immediate preceding quarter ended 31.12.2021 RM'000	Variances	
			Amount RM'000	%
Revenue	117,610	75,860	41,750	55.0
Profit before interest and tax and before share of results of associates	62,964	50,966	11,998	23.5
Profit before interest and tax	63,432	50,965	12,467	24.5
Profit before tax	63,295	50,811	12,484	24.6
Profit after tax	48,178	43,322	4,856	11.2
Profit attributable to owner of the Company	42,297	41,384	913	2.2

Revenue

The Group revenue for the current quarter increased by RM41.8 million as compared to immediate preceding quarter mainly due to upsurge of RM39.4 million revenue from Healthcare segment and revenue from Gloves segment of RM1.9 million derived from gloves manufacturing business. The improvement in Healthcare segment was mainly due to higher revenue generated from sales of COVID-19 PCR test kits and providing laboratories services for COVID-19 RTK-Antigen tests and PCR tests. The increase was offsetted by the decrease of sales of medical supplies for COVID-19 in the current quarter as compare to the immediate preceding quarter.

PBIT

The Group recorded a PBIT of RM63.4 million for the current quarter as compared to PBIT of RM51.0 million for the immediate preceding quarter. This was mainly due to profits 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 19 May 2022, being the last practicable date from the date of the issue of this report.

Completed 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 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 (“Private Placement”);
 - (c) On 18 March 2021, the Board 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 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 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;
 - (f) On 28 September 2021, the Board 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
 - (g) On 6 April 2022, the Board announced that the deadline for the Company to implement the Private Placement has lapsed. The Company does not wish to seek any extension of time for the Private Placement.

B5. Status of corporate proposal (Cont'd)

On-going Corporate Exercises

- (i) 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 announced that the Company proposes to undertake the Proposed Bonus Issue which 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;
- (b) On 19 January 2022, the Board announced that the additional listing application in relation to the Proposed Bonus Issue has been submitted to Bursa Securities;
- (c) On 26 January 2022, the Board announced that Bursa Securities had vide its letter dated 26 January 2022, approved the following:
- (i) listing and quotation of up to 3,520,465,659 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
 - (ii) listing and quotation of up to 1,850,810 additional ICPS to be issued pursuant to the adjustment arising from the Proposed Bonus Issue;
 - (iii) listing and quotation of up to 672,882 additional Warrant A to be issued pursuant to the adjustment arising from the Proposed Bonus Issue;
 - (iv) listing and quotation of up to 850,765,883 additional Warrant B to be issued pursuant to the adjustment arising from the Proposed Bonus Issue;
 - (v) listing and quotation of up to 1,850,810 new Hong Seng Shares to be issued pursuant to the conversion of the additional ICPS;
 - (vi) listing and quotation of up to 672,882 new Hong Seng Shares to be issued pursuant to the exercise of the additional Warrant A; and
 - (vii) listing and quotation of up to 850,765,883 new Hong Seng Shares to be issued pursuant to the exercise of the additional Warrant B.

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

- (aa) Hong Seng and TA Securities must fully comply with all relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;
 - (bb) Hong Seng and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue;
 - (cc) Hong Seng and TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue is completed; and
 - (dd) Hong Seng and TA Securities are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a), 6.35(2)(b) and 6.35(4) of the Listing Requirements.
- (d) On 25 February 2022, the shareholders of Hong Seng has approved the Proposed Bonus Issue via an Extraordinary General Meeting held on 25 February 2022.

B6. Group's borrowings and debts securities

The details of the Group's borrowings and debts securities outstanding as at 31 March 2022 are as follows:-

	As at 31.3.2022			As at 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
Secured						
Lease liabilities	966	429	1,395	593	304	897
Bank borrowings	12,942	8,115	21,057	-	15,000	15,000
Unsecured						
Bank overdraft	-	-	-	-	302	302
Total borrowings	13,908	8,544	22,452	593	15,606	16,199

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 the 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 31.3.2022	Quarter ended 31.03.2021	Period-to-date 31.3.2022	Year-to-date 31.03.2021
Profit attributable to owners of the Company	(RM'000)	42,297	6,026	83,681	-
Weighted average number of ordinary shares in issue	(Unit'000)	2,553,840	1,337,748	2,553,423	-
Basic earning per share	(sen)	1.66	0.45	3.28	-

9.2 Diluted earning per share

The diluted earning per share is calculated by dividing the net profit for the period attributable to the 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 ICPS and full exercise of the remaining Warrant A and Warrant B.

		Individual Period		Cumulative Period	
		Quarter ended 31.3.2022	Quarter ended 31.03.2021	Period-to-date 31.3.2022	Year-to-date 31.03.2021
Profit attributable to owners of the Company	(RM'000)	42,297	6,026	83,681	-
Weighted average number of ordinary shares in issue	(Unit'000)	2,553,840	1,337,748	2,553,423	-
Effects of dilution:					
Effect of outstanding ICPS		1,435	306,597	1,435	-
Effect of outstanding warrants		851,031	72,566	851,031	-
Effect of outstanding ESOS		-	148	-	-
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	3,406,306	1,717,059	3,405,889	-
Diluted earning per share	(sen)	1.24	0.35	2.46	-

** In view of the changed of financial year end from 31 March 2021 to 30 September 2021, there is no comparative figures for the preceding year-to-date.

B10. Qualification of financial statements

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