

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED  
30 JUNE 2022**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter 30.6.2022	Quarter 30.06.2021	Period-to-date 30.6.2022	Year-to-date (ii) 30.06.2021
		RM	RM	RM	RM
Revenue		6,634,450	7,724,020	200,105,255	-
Cost of sales		(4,914,954)	(2,004,875)	(95,386,843)	-
Gross profit		1,719,496	5,719,145	104,718,412	-
Other income		21,020,120	(443)	44,569,995	-
Interest income		228,412	243,424	723,973	-
Impairment gain on financial assets		-	121,502	260,986	-
Selling and distribution expenses		(123,916)	(95,420)	(241,523)	-
Administration expenses		(5,526,235)	(2,955,285)	(18,755,129)	-
Other expenses		(14,344)	(515,515)	(42,497)	-
Finance costs		(173,432)	(69,524)	(465,160)	-
Share of results of associates		(18,510)	-	448,124	-
Profit before taxation		17,111,591	2,447,884	131,217,181	-
Tax expense		(231,297)	(522,071)	(22,836,687)	-
Profit for the financial period		16,880,294	1,925,813	108,380,494	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		16,880,294	1,925,813	108,380,494	-
<b>Profit attributable to:-</b>					
Owners of the Company		18,004,820	651,319	101,685,697	-
Non-controlling interests		(1,124,526)	1,274,494	6,694,797	-
		16,880,294	1,925,813	108,380,494	-
<b>Total comprehensive income attributable to:-</b>					
Owners of the Company		18,004,820	651,319	101,685,697	-
Non-controlling interests		(1,124,526)	1,274,494	6,694,797	-
		16,880,294	1,925,813	108,380,494	-
Earning per share attributable to equity holders of the Company (sen)					
- Basic	<b>B10.1</b>	0.35	0.01	1.99	-
- Diluted	<b>B10.2</b>	0.26	0.01	1.49	-

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 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 9 months, made up from 1 October 2021 to 30 June 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

	As at 30.6.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	112,737,929	61,932,241
Intangible assets	11,500,000	13,750,000
Goodwill on consolidation	29,827,685	8,083,027
Investment in associate companies	44,078	-
Other investments	11,310,018	9,519,943
Development costs	3,993,672	-
Fixed deposits with licensed banks	2,353,974	5,667,001
<b>Total non-current assets</b>	<b>171,767,356</b>	<b>98,952,212</b>
<b>Current assets</b>		
Inventories	27,851,782	9,000,086
Trade receivables	158,257,792	53,191,832
Other receivables	20,078,683	22,810,844
Amount due from a joint venture company	53,467	25,500
Amount due from an associate	295,482	-
Other investments	-	13,584
Tax recoverable	121,545	13,281
Fixed deposits with licensed banks	202,132	10,238,219
Cash and bank balances	63,348,810	142,379,159
<b>Total current assets</b>	<b>270,209,693</b>	<b>237,672,505</b>
<b>TOTAL ASSETS</b>	<b>441,977,049</b>	<b>336,624,717</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	251,446,486	250,615,397
Irredeemable convertible preference shares	35,878	56,765
Retained earnings	124,175,662	22,608,174
Fair value reserve	(863,432)	(863,432)
Equity attributable to owners of the Company	374,794,594	272,416,904
Non-controlling interests	7,107,186	21,891,990
<b>Total equity</b>	<b>381,901,780</b>	<b>294,308,894</b>
<b>Non-current liabilities</b>		
Lease liabilities	644,438	592,867
Bank borrowings	12,622,947	-
Deferred tax liabilities	32,231	32,231
<b>Total non-current liabilities</b>	<b>13,299,616</b>	<b>625,098</b>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022 (CONT'D)

	As at 30.6.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
<b>Current liabilities</b>		
Trade payables	4,329,728	7,660,067
Other payables	21,442,799	13,268,750
Amount due to a related party	1,482,517	-
Lease liabilities	388,738	304,143
Bank borrowings	1,310,737	15,302,483
Tax payable	17,821,134	5,155,282
<b>Total current liabilities</b>	<u>46,775,653</u>	<u>41,690,725</u>
<b>TOTAL LIABILITIES</b>	<u>60,075,269</u>	<u>42,315,823</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>441,977,049</u>	<u>336,624,717</u>
Net asset per share attributable to owners of the Company (sen)	<u>7.34</u>	<u>10.67</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 30 JUNE 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	Non-controlling interests RM		
<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	-	-	101,685,697	-	101,685,697	6,694,797	108,380,494	
Other comprehensive income for the financial period	-	-	-	-	-	-	-	
Total comprehensive income for the financial period	-	-	101,685,697	-	101,685,697	6,694,797	108,380,494	
<b>Transactions with owners:</b>								
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	-	-	-	-	-	431,090	431,090	
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	6,000,490	6,000,490	
Disposal of subsidiary companies	-	-	-	-	-	(6,501,300)	(6,501,300)	
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	(118,209)	-	(118,209)	(9,101,881)	(9,220,090)	
Dividend received by non-controlling interests	-	-	-	-	-	(12,308,000)	(12,308,000)	
<b>Balance at 30 June 2022</b>	251,446,486	35,878	124,175,662	(863,432)	374,794,594	7,107,186	381,901,780	

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 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 9 months, made up from 1 October 2021 to 30 June 2022.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2022

	Current Period Period-to-date 30.6.2022 RM	Preceding Year Year-to-date (ii) 30.06.2021 RM
<b>CASH FLOW FOR OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	131,217,181	-
Adjustments for:		
Non-cash items	5,721,896	-
Non-operating items	(42,645,343)	-
<b>Operating income before working capital changes</b>	<u>94,293,734</u>	-
Net changes in inventories	(18,626,956)	-
Net changes in current assets	(113,203,586)	-
Net changes in current liabilities	(33,454,300)	-
<b>Cash for operations</b>	<u>(70,991,108)</u>	-
Interest paid	(465,160)	-
Income tax paid	(5,350,953)	-
<b>Net cash for operating activities</b>	<u>(76,807,221)</u>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net cash outflow for the acquisition of subsidiary companies	(5,073,068)	-
Investment in associate companies	(99,900)	-
Acquisition of non-controlling interests	(9,220,090)	-
Interest received	723,973	-
Net cash inflow from the disposal of subsidiary companies	31,953,382	-
Proceeds from disposal of plant and equipment	1,409,999	-
Purchase of plant and equipment	(12,366,356)	-
Proceed from disposal of associates	3,100,001	-
Development costs paid	(3,993,672)	-
<b>Net cash from investing activities</b>	<u>6,434,269</u>	-
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	(12,308,000)	-
Repayment of bank borrowings	(15,310,042)	-
Release of fixed deposits pledged	1,847,813	-
Proceeds from issuance of shares	810,202	-
Repayment of lease liabilities	554,952	-
Subscription by non-controlling interests in the shares of subsidiary companies	6,000,490	-
<b>Net cash for financing activities</b>	<u>(18,404,585)</u>	-
Net changes in cash and cash equivalents	(88,777,537)	-
Cash and cash equivalents at the beginning of period	<u>152,328,479</u>	-
Cash and cash equivalents at the end of period	<u>63,550,942</u>	-
<b>Analysis of cash and cash equivalents</b>		
Fixed deposits	2,556,106	-
Cash and bank balances	63,348,810	-
	<u>65,904,916</u>	-
Less: Fixed deposits pledged	(2,353,974)	-
	<u>63,550,942</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 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 9 months, made up from 1 October 2021 to 30 June 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 28 June 2022, the bonus issue has been completed following the listing and quotation of 2,554,208,384 bonus shares, 1,435,110 additional irredeemable convertible preference shares (“ICPS”), 472,482 additional Warrants A and 850,558,283 additional Warrants B on the Main Market of Bursa Securities.

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

**A7. Dividends paid**

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

**A8. Segmental information**

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

For the financial period ended 30 June 2022	Financial				Total RM'000	Adjustments and eliminations RM'000	Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Others RM'000			
Sales to external customers	161,671	2,653	35,891	(110)	200,105	-	200,105
Inter-segment sales	101	-	-	-	101	(101)	-
Total sales	161,772	2,653	35,891	(110)	200,206	(101)	200,105
Profit before taxation	102,922	2,388	11,385	32,727	149,422	(18,205)	131,217
Segment assets	152,127	136,142	134,601	335,553	758,423	(316,446)	441,977
Segment liabilities	54,478	132,799	125,636	80,975	393,888	(333,813)	60,075

  

For the financial year ended 30 June 2021 **	Financial				Total RM'000	Adjustments and eliminations RM'000	Total RM'000
	Healthcare RM'000	Services RM'000	Gloves RM'000	Others RM'000			
Sales to external customers	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-
Total sales	-	-	-	-	-	-	-
Profit before taxation	-	-	-	-	-	-	-
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 current quarter ended 30 June 2022:-

- (i) On 6 April 2022, the Board of Directors of Hong Seng (“Board”) announced that eMedAsia Sdn Bhd (“eMedAsia”), a 60% owned subsidiary of HS Bio Sdn Bhd (which is a wholly-owned subsidiary of the Company) (“HS Bio”), 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 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;
- (iv) Reference made to announcements made on 10 November 2021, 9 February 2022 and 9 May 2022 in relation to the memorandum of understanding entered into between Neogenix Evo Sdn Bhd and Universiti Tunku Abdul Rahman (“UTAR”) to explore areas for cooperation in relation to UTAR Hospital Project.

The memorandum 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 August 2022, the said project has been completed with the space required for the said project was allocated. The parties are currently in the midst of finalising the detailed agreement for the said collaboration;

- (v) Reference made to announcements made on 3 January 2022 in relation to the letter of intent for the proposed acquisition of 70% stake in Aura Tec Sdn Bhd.

Pursuant to the above, the Board further announced that HS Bio has on 20 May 2022 entered into a Letter of Termination and the parties have mutually agreed to terminate the letter of intent on the ground that the parties were unable to reach a consensus to agree the salient terms for the proposed acquisition;

- (vi) On 10 June 2022, the Company has entered into a Memorandum of Understanding (“MOU”) with EoCell Inc. (“EoCell”) to set out the parties’ understanding of the key terms relating to the project whereby the parties to work together to build and create a regional manufacturing hub in Malaysia to manufacture batteries for electric vehicles (“EV”) and progress to other power storage solutions for EV and to supply to EV manufacturers, assemblers, users in the South East Asian region subject to the terms and conditions of this MOU;
- (vii) On 15 June 2022, the Company has issued a Letter of Intent (“LOI”) to Invest NS (a one solution centre set up by the government of Negeri Sembilan to assist investors in setting up new operations and expanding their existing operations in Negeri Sembilan), which the LOI was accepted by Invest NS on even date, indicating the Company’s intention to form strategic partnerships with Invest NS for the development of 5 parcels of leasehold land identified as Lot Nos. PT 561, PT 565, 9739, 149 and 150, all in Mukim Setul, Daerah Seremban, Negeri Sembilan with a total land area of approximately 284.75 acres into Malaysia Green Valley;

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

The following were the material events during the current quarter ended 30 June 2022 (Cont'd):-

- (viii) On 24 June 2022, HS Bio has entered into a Shares Sale Agreement (“SSA”) with Nexterra Sdn. Bhd., for the disposal of 35,000 ordinary shares in Pantasniaga Sdn. Bhd. (“PSB”), representing 35% of the equity interest in PSB, for a total cash consideration of RM24 million. The disposal has been completed on 29 June 2022; and
- (ix) Reference made to announcements made on 23 December 2021, 19 January 2022, 26 January 2022, 9 February 2022, 10 February 2022, 25 February 2022, 13 June 2022 and 27 June 2022 in relation to the bonus issue of shares by the Company.

On 28 June 2022, on behalf of Hong Seng, TA Securities Holdings Berhad announced that the bonus issue has been completed following the listing and quotation of 2,554,208,384 bonus shares, 1,435,110 additional ICPS, 472,482 additional Warrants A and 850,558,283 additional Warrants B on the Main Market of Bursa Securities.

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

The following was the material event subsequent to the financial period ended 30 June 2022:-

- (i) On 5 August 2022, the Board announced that HS Bio has entered into a shares sales agreement with Green Packet Berhad for the disposal of 6,000 ordinary shares in eMedAsia, representing 20% of the equity interest in eMedAsia, for a total cash consideration of RM20 million.

**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 27 May 2022, HS Bio has acquired additional 20% equity interest in eMedAsia comprising 6,000 ordinary shares for a total cash consideration of RM6 million from Hillcove Sdn Bhd. Consequently, HS Bio’s equity interest in eMedAsia has increased to 80%; and
- (ii) On 24 June 2022, HS Bio has entered into a SSA with Nexterra Sdn. Bhd. to dispose 35% equity interest in PSB comprising 35,000 ordinary shares for a total cash consideration of RM24,000,000. The disposal has been completed on 29 June 2022. Consequently, PSB becomes a simple investment of the Group.

**A13. Capital commitments**

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

	<b>As at 30.6.2022 RM'000</b>
<b>Authorised and contracted for:</b>	
Construction of plant	9,191
Renovation works	263
Sublease of land	33,520
Master Services and License Agreement	9,371
	52,345

**A14. Contingent assets or liabilities**

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

**As at  
30.6.2022  
RM'000**

Corporate guarantee given to a financial institution for credit facilities granted to a subsidiary	55,000
Corporate guarantee given to a financial institution for credit facilities granted to a former subsidiary	43,000
	98,000

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

**B1. Review of performance**

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

	Individual Period		Variances		Cumulative Period		Variances	
	Quarter ended	Quarter ended			Period ended	Year ended		
	30.6.2022 RM'000	30.06.2021 RM'000	Amount RM'000	%	30.6.2022 RM'000	30.06.2021 RM'000	Amount RM'000	%
Revenue	6,634	7,724	(1,090)	(14.1)	200,105	**	NA	-
Profit before interest, tax and share of results of associates	17,304	2,517	14,787	587.5	131,234	-	NA	-
Profit before interest and tax	17,285	2,517	14,768	586.7	131,682	-	NA	-
Profit before tax	17,112	2,448	14,664	599.0	131,217	-	NA	-
Profit after tax	16,880	1,926	14,954	776.4	108,380	-	NA	-
Profit attributable to owners of the Company	18,005	651	17,354	2,665.7	101,686	-	NA	-

Note:-  
NA - Not applicable

**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 RM6.6 million was decreased by RM1.1 million as compared to the financial quarter ended 30 June 2021 of RM7.7 million due to higher demand for PCR test kits for COVID-19 in the Healthcare segment when the pandemic was at its peak in the quarter ended 30 June 2021. This decrease was partially offset by the growth in the Financial Services sector.

Financial Services segment consists of moneylending business which contributed a revenue of RM1.2 million in the current quarter. This segment has extended RM127.9 million of loans to third party corporate loan debtors and individual loan debtors in the ordinary course of its business as a licensed moneylender in current quarter under review.

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

**1.1 Financial review for the current quarter and financial period-to-date (Cont'd)**

Profit before interest and tax ("PBIT")

The Group's PBIT for the current quarter of RM17.3 million was increased by RM14.8 million as compared to the quarter ended 30 June 2021 of RM2.5 million mainly due to the gain on disposal of a subsidiary in the Healthcare segment 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.

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

	Current quarter ended 30.6.2022 RM'000	Immediate preceding quarter ended 31.3.2022 RM'000	Variances	
			Amount RM'000	%
Revenue	6,634	117,610	(110,976)	(94.4)
Profit before interest, tax and share of results of associates	17,304	62,964	(45,660)	(72.5)
Profit before interest and tax	17,285	63,432	(46,147)	(72.8)
Profit before tax	17,112	63,295	(46,183)	(73.0)
Profit after tax	16,880	48,178	(31,298)	(65.0)
Profit attributable to owner of the Company	18,005	42,297	(24,292)	(57.4)

Revenue

The Group's revenue for the current quarter decreased by RM111.0 million as compared to immediate preceding quarter mainly due to the decrease of RM92.4 million revenue from Healthcare segment and RM18.9 million revenue from Gloves segment. As the pandemic transitions into an endemic, the industry has been experiencing the effects of the normalisation in terms of demand and average selling price of test kits and gloves. This results in softer performance when headwinds converge.

PBIT

The Group recorded a PBIT of RM17.3 million for the current quarter compared to PBIT of RM63.4 million for the immediate preceding quarter. This was mainly due to the decrease in the revenue generated from Healthcare segment and Glove segment in the current quarter.

**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.

The gloves segment is faced with a higher operating cost due to rising inflationary pressure resulting from the higher electricity and natural gas tariffs, coupled with Malaysia's new minimum wage policy effective on 1 May 2022. In addition, the continuous oversupply of the global glove industry has intensified the escalation of market competition. Nonetheless, global glove demand is expected to keep growing in the long run as result of a shift in glove usage due to increased healthcare standards and hygiene awareness in both medical and non-medical industries in the post-pandemic era.

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 and its subsidiaries ("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 Group 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 Group aims to digitalise the entire healthcare industry to build a seamless ecosystem for how medical services will be provided and carried out in future.

While the HS Bio Group has experienced normalised in Covid-19 test kits sales, moving forward with the HS Bio Group diversification into Healthcare related businesses, HS Bio Group has begun to expand its healthcare business to provide post-pandemic general healthcare related products and services such as genomics and biochemistry screening as well as distribution of other healthcare and pharmaceutical products.

The Group is also exploring with its strategic partner, EoCell Inc USA ("EoCell") in venturing into the electric vehicles' ("EV") battery manufacturing business to tap into the batteries and green technology market. According to a report by Allied Market Research, the rechargeable battery market to reach US\$150.0 billion globally by 2030 at 5.3% CAGR (Compound Annual Growth Rate). In addition to that, the Group had also recently signed a Letter of Intent with INVEST NS on the possibility of a strategic partnership in developing a piece of industrial land in Nilai, Negeri Sembilan into Malaysia Green Valley ("MGV"), a green industrial park designed for research and development, and manufacture cost effective and sustainable renewable energy products and the related supply chain businesses. The Group intends to set up the regional EV batteries manufacturing hub with EoCell in MGV, should the development of MGV and the EV batteries project materialise.

Despite the challenges, the Group is cautiously optimistic that the long-term outlook for the Group continues to remain positive as the Group 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 documents.

**B5. Tax expense**

	Individual Period		Cumulative Period	
	Quarter ended	Quarter ended	Period-to-date	Year-to-date **
	30.6.2022	30.06.2021	30.6.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- For the current financial period	(542)	(522)	(23,148)	-
- Overprovision in the previous financial year	311	-	311	-
	(231)	(522)	(22,837)	-
Deferred tax expense:				
- For the current financial period	-	-	-	-
	(231)	(522)	(22,837)	-

\*\* 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.

**B6. Status of corporate proposal**

There were no corporate proposals announced but not completed as at 17 August 2022, being the last practicable date from the date of issue of this report.

**B7. Group's borrowings and debts securities**

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

	As at 30.6.2022			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
<b>Secured</b>						
Lease liabilities	644	389	1,033	593	304	897
Bank borrowings	12,623	1,311	13,934	-	15,000	15,000
<b>Unsecured</b>						
Bank overdraft	-	-	-	-	302	302
<b>Total borrowings</b>	<b>13,267</b>	<b>1,700</b>	<b>14,967</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 2.02% to 5.95% (2021: 3.77% to 7.70%).

**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 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 30.6.2022	Quarter ended 30.06.2021	Period-to-date 30.6.2022	Year-to-date 30.06.2021
					**
Profit attributable to owners of the Company	(RM'000)	18,005	651	101,686	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	4,450,306	5,107,369	-
Basic earning per share	(sen)	0.35	0.01	1.99	-

**10.2 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 30.6.2022	Quarter ended 30.06.2021	Period-to-date 30.6.2022	Year-to-date 30.06.2021
					**
Profit attributable to owners of the Company	(RM'000)	18,005	651	101,686	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	4,450,306	5,107,369	-
Effects of dilution:					
Effect of outstanding ICPS		2,870	315,376	2,870	-
Effect of outstanding warrants		1,702,062	90,830	1,702,062	-
Effect of outstanding ESOS		-	116	-	
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	6,813,349	4,856,628	6,812,301	-
Diluted earning per share	(sen)	0.26	0.01	1.49	-

\*\* 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.

**B11. Qualification of financial statements**

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

**B12. Notes to statements of profit or loss and other comprehensive income**

	Individual Period		Cumulative Period		
	Quarter ended	Quarter ended	Period-to-date	Year-to-date **	
	30.6.2022	30.06.2021	30.6.2022	30.06.2021	
Amortisation of intangible assets	750,000	500,000	2,250,000	-	-
Depreciation on property, plant and equipment	1,655,877	522,898	4,405,746	-	-
Interest expenses	173,432	69,525	465,160	-	-
Plant and equipment written off	14,250	-	41,813	-	-
Gain on disposal of plant and equipment	(763,882)	-	(794,632)	-	-
Gain on disposal of subsidiaries	(20,084,410)	-	(40,062,563)	-	-
Gain on disposal of associates	-	-	(1,571,148)	-	-
Interest income	(228,412)	(243,424)	(723,973)	-	-
Reversal of impairment losses on receivables	-	(121,503)	(260,986)	-	-
Reversal of inventories written off	(171,727)	-	(224,740)	-	-

\*\* 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.

**B13. Gains or losses arising from fair value changes of financial liabilities**

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review