

HONG SENG CONSOLIDATED BERHAD 200101001581 (537337-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FORTH QUARTER ENDED
30 SEPTEMBER 2022**

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

	Note	INDIVIDUAL PERIOD		CUMMULATIVE PERIOD	
		Current Period	Preceding Year	Current Period	Preceding Year
		Quarter 30.9.2022	Quarter 30.9.2021	Period-to-date 30.9.2022	Year-to-date (ii) 30.9.2021
		RM	RM	RM	RM
Revenue		(1,704,509)	56,463,706	198,400,746	-
Cost of sales		(19,845,234)	(35,182,778)	(115,232,077)	-
Gross (loss)/profit		(21,549,743)	21,280,928	83,168,669	-
Other income		24,492,494	34,200,604	69,062,489	-
Interest income		106,524	210,823	830,497	-
Net impairment loss on financial assets		(7,015,464)	(2,579,952)	(6,754,478)	-
Selling and distribution expenses		(235,156)	(28,712)	(476,679)	-
Administration expenses		(5,631,304)	(5,446,308)	(24,386,433)	-
Other expenses		(2,065,316)	(1,953,553)	(2,107,813)	-
Finance costs		(166,197)	43,654	(631,357)	-
Share of results of a joint venture company		-	(50)	-	-
Share of results of associates		17,044	-	465,168	-
(Loss)/Profit before taxation		(12,047,118)	45,727,434	119,170,063	-
Tax expense		6,038,632	(5,757,221)	(16,798,055)	-
(Loss)/Profit after taxation		(6,008,486)	39,970,213	102,372,008	-
Other comprehensive income		-	87,156	-	-
Total comprehensive (loss)/income for the financial period		(6,008,486)	40,057,369	102,372,008	-
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		(4,494,194)	35,224,486	97,191,503	-
Non-controlling interests		(1,514,292)	4,745,727	5,180,505	-
		(6,008,486)	39,970,213	102,372,008	-
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(4,494,194)	35,311,642	97,191,503	-
Non-controlling interests		(1,514,292)	4,745,727	5,180,505	-
		(6,008,486)	40,057,369	102,372,008	-
(Loss)/Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B10.1	(0.09)	0.72	1.90	-
- Diluted	B10.2	(0.07)	0.72	1.43	-

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 12 months, made up from 1 October 2021 to 30 September 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	As at 30.9.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
ASSETS		
Non-current assets		
Property, plant and equipment	131,691,143	61,932,241
Intangible assets	-	13,750,000
Goodwill on consolidation	6,083,027	8,083,027
Investment in an associate company	20,000	-
Investment in a joint venture company	-	-
Other investments	9,520,033	9,519,943
Trade receivable	2,000,000	-
Fixed deposits with licensed banks	2,319,629	5,667,001
Total non-current assets	<u>151,633,832</u>	<u>98,952,212</u>
Current assets		
Inventories	23,915,967	9,000,086
Trade receivables	166,333,065	53,191,832
Other receivables	14,358,821	22,810,844
Amount due from a joint venture company	53,117	25,500
Amount due from an associate	269,473	-
Short terms investments	-	13,584
Tax recoverable	1,049,600	13,281
Fixed deposits with licensed banks	247,818	10,238,219
Cash and bank balances	74,181,222	142,379,159
Total current assets	<u>280,409,083</u>	<u>237,672,505</u>
TOTAL ASSETS	<u>432,042,915</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	137,707,582	22,608,174
Fair value reserve	(863,432)	(863,432)
Equity attributable to owners of the Company	<u>388,326,514</u>	<u>272,416,904</u>
Non-controlling interests	2,796,231	21,891,990
Total equity	<u>391,122,745</u>	<u>294,308,894</u>
Non-current liabilities		
Lease liabilities	558,951	592,867
Bank borrowings	12,318,861	-
Deferred tax liabilities	927,631	32,231
Total non-current liabilities	<u>13,805,443</u>	<u>625,098</u>

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

	As at 30.9.2022 (Unaudited) RM	As at 30.09.2021 (Audited) RM
Current liabilities		
Trade payables	7,623,179	7,660,067
Other payables	11,004,589	13,268,750
Amount due to related parties	1,484,748	-
Lease liabilities	374,205	304,143
Bank borrowings	1,290,592	15,302,483
Tax payable	5,337,414	5,155,282
Total current liabilities	<u>27,114,727</u>	<u>41,690,725</u>
TOTAL LIABILITIES	<u>40,920,170</u>	<u>42,315,823</u>
TOTAL EQUITY AND LIABILITIES	<u>432,042,915</u>	<u>336,624,717</u>
Net assets per share attributable to owners of the Company (sen)	<u>7.60</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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

<----- Attributable To Owners of the Company ----->

	Non-Distributable		Distributable			Non-	Total
	Share capital	Irredeemable convertible preference shares	Retained earnings	Fair value reserve	Total	controlling interests	equity
	RM	RM	RM	RM	RM	RM	RM
At 1 October 2021	250,615,397	56,765	22,608,174	(863,432)	272,416,904	21,891,990	294,308,894
Profit after taxation	-	-	97,191,503	-	97,191,503	5,180,505	102,372,008
Other comprehensive income for the financial year	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	97,191,503	-	97,191,503	5,180,505	102,372,008
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
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	6,000,490	6,000,490
Disposal of subsidiary companies	-	-	-	-	-	(10,840,759)	(10,840,759)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	17,907,905	-	17,907,905	(7,127,995)	10,779,910
Dividend received by non-controlling interests	-	-	-	-	-	(12,308,000)	(12,308,000)
Balance at 30 September 2022	251,446,486	35,878	137,707,582	(863,432)	388,326,514	2,796,231	391,122,745

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 12 months, made up from 1 October 2021 to 30 September 2022.

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

	Current Period Period-to-date 30.9.2022 RM	Preceding Year Year-to-date ⁽ⁱⁱ⁾ 30.9.2021 RM
CASH FLOW FOR OPERATING ACTIVITIES		
Profit before taxation	119,170,063	-
Adjustments for:		
Non-cash items	16,708,245	-
Non-operating items	(60,386,253)	-
Operating income before working capital changes	<u>75,492,055</u>	-
Net changes in inventories	(17,726,795)	-
Net changes in current assets	(125,789,512)	-
Net changes in current liabilities	(21,483,150)	-
Cash for operations	<u>(89,507,402)</u>	-
Interest paid	(631,357)	-
Income tax paid	(11,880,559)	-
Net cash for operating activities	<u>(102,019,318)</u>	-
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash outflow for the acquisition of subsidiary companies	(3,107,107)	-
Investment in associate companies	(99,900)	-
Acquisition of non-controlling interests	10,779,910	-
Interest received	830,497	-
Net cash inflow from the disposal of subsidiary companies	51,581,143	-
Proceeds from disposal of plant and equipment	1,005,840	-
Proceeds from disposal of other investment	11,000,000	-
Purchase of plant and equipment	(32,224,154)	-
Proceed from disposal of associate companies	3,149,001	-
Net cash from investing activities	<u>42,915,230</u>	-
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(12,308,000)	-
Repayment of bank borrowings	(15,634,273)	-
Release of fixed deposits pledged	1,882,158	-
Proceeds from issuance of shares	810,202	-
Repayment of lease liabilities	454,932	-
Subscription by non-controlling interests in the shares of subsidiary companies	6,000,490	-
Net cash for financing activities	<u>(18,794,491)</u>	-
Net changes in cash and cash equivalents	(77,898,579)	-
Effects on exchange rate differences	(860)	-
Cash and cash equivalents at the beginning of period	152,328,479	-
Cash and cash equivalents at the end of period	<u>74,429,040</u>	-
Analysis of cash and cash equivalents		
Fixed deposits	2,567,447	-
Cash and bank balances	74,181,222	-
	<u>76,748,669</u>	-
Less: Fixed deposits pledged	(2,319,629)	-
	<u>74,429,040</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 12 months, made up from 1 October 2021 to 30 September 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

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 September 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	157,578	4,217	36,717	(111)	198,401	-	198,401
Inter-segment sales	100	-	1	72,261	72,362	(72,362)	-
Total sales	157,678	4,217	36,718	72,150	270,763	(72,362)	198,401
Profit before taxation	104,006	(1,774)	3,026	101,810	207,068	(87,898)	119,170
Segment assets	122,084	147,561	141,343	382,326	793,314	(361,271)	432,043
Segment liabilities	65,827	148,729	138,747	68,824	422,127	(381,207)	40,920

For the financial year ended 30 September 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 September 2022:-

- (i) On 5 August 2022, the Board of Directors of Hong Seng (“Board”) announced that HS Bio Sdn Bhd (which is a wholly-owned subsidiary of the Company) (“HS Bio”), has entered into a shares sales agreement with Green Packet Berhad for the disposal of 6,000 ordinary shares in eMedAsia Sdn Bhd (“eMedAsia”), representing 20% of the equity interest in eMedAsia, for a total cash consideration of RM20 million. eMedAsia becomes a 60% owned subsidiary of HS Bio following the completion of the disposal on 22 September 2022;
- (ii) 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 (“Neo Evo”) 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 future generations and to explore areas for cooperation in relation to the UTAR Hospital Project. Pursuant to the UTAR Hospital Project, the parties intend to set up a molecular laboratory in UTAR Hospital. As at 9 August 2022, the construction of UTAR Hospital has been completed with the space required for the said project was allocated. The parties are currently in the midst of finalising the detailed agreements for the said collaboration;

- (iii) On 24 August 2022, the Board announced that HS Bio has entered into a shares sales agreement with Tan Yang Siah for the disposal of 9,000,000 ordinary shares in Neogenix Sdn Bhd (“NSB”), representing 60% of the equity interest in NSB, for a total cash consideration of RM20 million. NSB was a 60% owned subsidiary of HS Bio. NSB has ceased as a subsidiary of HS Bio upon completion of the disposal on 30 September 2022;
- (iv) Reference made to the announcement made on 10 June 2022 for the memorandum of understanding (“MOU”) entered with EoCell Inc. (“EoCell”) 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.

Pursuant to the MOU, the parties shall enter into a Joint Venture Agreement (“JVA”) after due diligence, discussions and negotiations whereby a new joint venture company shall be set up pursuant to the JVA for the purpose of the project within 90 days from the date of the MOU or such other later date as the parties may agree in writing. As at 9 September 2022, the parties were still in the midst of negotiating and finalising the detailed terms and arrangements of the JVA and pursuant thereto, the Board announced that the Company and EoCell have mutually agreed to extend the term of the MOU for a further period of 90 days to 10 December 2022 for the parties to conclude the JVA. Further announcement will be made by the Company in the event that the parties reach the JVA; and

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

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

- (v) Reference made to announcements made on 1 October 2021 and 5 October 2021 in relation to the Shares Sale Agreement (“SSA”) for the acquisition of 51% equity interest in RZAC Immunesafe Sdn Bhd (“RZAC”) by HS Bio.

On 28 September 2022, HS Bio has entered into a letter of termination with the vendors of the SSA to mutually agree on the termination of the SSA subject to the terms and conditions of the letter of termination (“Termination”).

Pursuant to the Termination, the vendors shall refund and repay a sum of RM2 million to HS Bio, being the cash consideration which was previously paid by HS Bio to the vendors under the SSA. In addition, the vendors agreed to pay an additional sum of RM2 million (equivalent to 10% of the total purchase consideration under the SSA) being the termination cost to HS Bio. Thereafter, HS Bio shall return the sale shares pertaining to the 51% equity interest in RZAC to the vendors. Please refer to the Company’s announcement made on 28 September 2022 in this respect for further details.

RZAC has ceased to be a subsidiary of HS Bio upon the Termination completed on 30 September 2022.

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

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

- (i) An announcement was made on 9 November 2022 to update the matter stated in Note A10(ii) above. Neo Evo has submitted the laboratory layout plans and design to UTAR for finalisation and approval. Further announcement will be made by the Company in the event the parties conclude the collaboration agreement.

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 14 July 2022, the Company has incorporated a wholly-owned subsidiary, HS Green Valley Sdn Bhd (“HS Green Valley”) with an initial share capital of RM2.00 comprising 2 ordinary shares. HS Green Valley intends to engage in the business as a developer to manage the development of green project;
- (ii) On 5 August 2022, HS Bio has entered into a shares sale agreement with Green Packet Berhad to dispose 20% equity interest in eMedAsia comprising 6,000 ordinary shares for a total cash consideration of RM20 million. Consequently, eMedAsia becomes a 60% owned subsidiary of HS Bio;
- (iii) On 24 August 2022, HS Bio has entered into a shares sale agreement with Tan Yang Siah to dispose 60% equity interest in NSB comprising 9,000,000 ordinary shares for a total cash consideration of RM20 million. Consequently, NSB has ceased as a subsidiary of HS Bio; and
- (iv) On 28 September 2022, HS Bio has entered into a letter of termination with the vendors of the SSA to mutually agree on the termination of the SSA. Consequently, RZAC has ceased as a subsidiary of HS Bio.

A13. Capital commitments

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

	As at 30.9.2022 RM'000
Authorised and contracted for:	
Construction of plant	8,191
Renovation works	180
Sublease of land	33,519
Master Services and License Agreement	9,371
Acquisition of properties	4,351
	<u>55,612</u>

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 30.9.2022 RM'000
Corporate guarantee given to a financial institution for credit facilities granted to a former subsidiary which has been disposed of during the current financial year	<u>43,000</u>

The credit facilities' limit granted by the financial institution has been reduced from RM43.00 million to RM20.00 million subsequent to the current quarter ended 30 September 2022. Thereafter, the remaining unutilised portion of the credit facilities of approximately RM14.38 million has been temporary suspended as a result of the change of shareholders following the disposal. The utilised portion of the credit facilities of approximately RM5.62 million is fully secured by fixed deposits pledged in favour of the said financial institution.

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 30.9.2022	Quarter ended 30.9.2021			Period ended 30.9.2022	Year ended 30.9.2021		
	RM'000	RM'000	Amount RM'000	%	Amount RM'000	RM'000	Amount RM'000	%
Revenue	(1,705)	56,464	(58,169)	(103.0)	198,401	**	NA	-
(Loss)/Profit before interest, tax and share of results of associates	(12,004)	45,473	(57,477)	(126.4)	118,506	-	NA	-
(Loss)/Profit before interest and tax	(11,987)	45,473	(57,460)	(126.4)	118,971	-	NA	-
(Loss)/Profit before tax	(12,047)	45,727	(57,774)	(126.3)	119,170	-	NA	-
(Loss)/Profit after tax	(6,008)	39,970	(45,978)	(115.0)	102,372	-	NA	-
(Loss)/Profit attributable to owners of the Company	(4,494)	35,224	(39,718)	(112.8)	97,192	-	NA	-

Note:-

NA - Not applicable

Current year quarter vs preceding year quarter

Revenue

The Group's revenue for the current quarter under review was decreased by RM58.2 million as compared to the financial quarter ended 30 September 2021 mainly due to higher demand for PCR test kits and PCR test for COVID-19 in the Healthcare segment when the pandemic was at its peak in the quarter ended 30 September 2021. This decrease was partially offset by the growth in the Financial Services sector in the current quarter.

Financial Services segment consists of moneylending business which contributed a revenue of RM1.6 million in the current quarter. This segment has extended RM150.6 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.

(Loss)/Profit before interest and tax ("PBIT")

The Group's PBIT for the current quarter was decreased by RM57.5 million as compared to the quarter ended 30 September 2021 as the Group experienced gross loss in Healthcare segment and Gloves segment. Revenue generated by Healthcare segment reduced by RM47.3 million for the current quarter ended 30 September 2022 mainly due to healthcare industry was experiencing the effects of normalisation post pandemic.

Whereas, Gloves segment faced challenges in gloves' pricing resulting from oversupply and intense market competition in the industry as well as higher production and operating costs with the implementation of new minimum wage level, elevated gas price and rising of other production costs.

** 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 the immediate preceding quarter

	Current quarter ended 30.9.2022 RM'000	Immediate preceding quarter ended 30.6.2022 RM'000	Variances	
			Amount RM'000	%
Revenue	(1,705)	6,634	(8,339)	(125.7)
(Loss)/Profit before interest, tax and share of results of associates	(12,004)	17,075	(29,079)	(170.3)
(Loss)/Profit before interest and tax	(11,987)	17,075	(29,062)	(170.2)
(Loss)/Profit before tax	(12,047)	17,112	(29,159)	(170.4)
(Loss)/Profit after tax	(6,008)	16,880	(22,888)	(135.6)
(Loss)/Profit attributable to owner of the Company	(4,494)	18,005	(22,499)	(125.0)

Revenue

The Group's revenue for the current quarter was decreased by RM8.3 million as compared to the immediate preceding quarter mainly due to the discounts given in the current quarter in respect of sales generated in the previous quarters from Healthcare segment. As the pandemic transitions into an endemic, the industry has been experiencing the effects of the normalisation and this resulting in a softer performance when headwinds converge. Considering the industry's performance and the current economic condition, certain discounts were given on settlement.

PBIT

The Group's PBIT for the current quarter was decreased by RM29.1 million as compared to the immediate preceding quarter mainly due to:-

- (i) the decrease in revenue generated from Healthcare segment in the current quarter as explained above;
- (ii) impairment losses on receivables;
- (iii) written down of inventories;
- (iv) commission charged upon full settlement from customer; and
- (v) increase in other operating costs such as transportation charges.

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 **
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- For the current financial period	7,125	(5,757)	(16,023)	-
- (Under)/Overprovision in the previous financial period	(191)	-	120	-
	6,934	(5,757)	(15,903)	-
Deferred tax expense:				
- For the current financial period	(1,303)	-	(1,303)	-
- (Under)/Overprovision in the previous financial period	408	-	408	-
	(895)	-	(895)	-
	6,039	(5,757)	(16,798)	-

** 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 16 November 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 30.9.2022			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	559	374	933	593	304	897
Bank borrowings	12,319	1,291	13,610	-	15,000	15,000
Unsecured						
Bank overdraft	-	-	-	-	302	302
Total borrowings	12,878	1,665	14,543	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 2.02% to 5.95% (2021: 2.75% 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. (Loss)/Earnings per share

10.1 Basic (loss)/earnings per share

The basis (loss)/earnings per share is calculated by dividing the (loss)/profit after taxation 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	Quarter ended	Period-to-date	Year-to-date
		30.9.2022	30.9.2021	30.9.2022	30.9.2021
					**
(Loss)/Profit attributable to owners of the Company	(RM'000)	(4,494)	35,224	97,192	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	4,903,081	5,107,633	-
Basic (loss)/earnings per share	(sen)	(0.09)	0.72	1.90	-

10.2 Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is calculated by dividing the (loss)/profit after taxation attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon the full conversion of the remaining ICPS and full exercise of the remaining Warrant A and Warrant B.

		Individual Period		Cumulative Period	
		Quarter ended	Quarter ended	Period-to-date	Year-to-date
		30.9.2022	30.9.2021	30.9.2022	30.9.2021
					**
(Loss)/Profit attributable to owners of the Company	(RM'000)	(4,494)	35,224	97,192	-
Weighted average number of ordinary shares in issue	(Unit'000)	5,108,417	4,903,081	5,107,633	-
Effects of dilution:					
Effect of outstanding ICPS		2,870	4,541	2,870	-
Effect of outstanding warrants		1,702,062	2,310	1,702,062	-
Adjusted weighted average number of ordinary shares in issue	(Unit'000)	6,813,349	4,909,932	6,812,565	-
Diluted (loss)/earnings per share	(sen)	(0.07)	0.72	1.43	-

** 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 **
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM	RM	RM	RM
Amortisation of intangible assets	750,000	500,000	3,000,000	-
Deposit written off	12,440	-	12,440	-
Depreciation on property, plant and equipment	3,012,329	522,898	7,418,075	-
Impairment losses on receivables	7,015,464	-	7,015,464	-
Impairment loss on goodwill	2,000,000	-	2,000,000	-
Interest expenses	166,197	69,525	631,357	-
Inventories written down	2,800,000	-	2,800,000	-
Inventories written off	113	-	113	-
Plant and equipment written off	65,140	-	106,953	-
Loss/(Gain) on disposal of plant and equipment	30,429	-	(764,203)	-
Gain on disposal of subsidiaries	(13,490,812)	-	(53,553,375)	-
Gain on disposal of associates	(7,878)	-	(1,579,026)	-
Gain on disposal of other investment	(9,210,015)	-	(9,210,015)	-
Interest income	(106,524)	(243,424)	(830,497)	-
Reversal of impairment losses on receivables	-	(121,503)	(260,986)	-

** 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