



HENG HUAT RESOURCES GROUP BERHAD

Registration No. 201101041555 (969678-D)
(Incorporated in Malaysia under the Companies Act 2016)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4 – 5
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134	6 – 11
ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD	12 – 18



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2021 ⁽¹⁾ RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year Period 30.06.2021 ⁽¹⁾ RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Revenue	20,576	12,295	20,576	12,295
Cost of sales	(15,687)	(13,189)	(15,687)	(13,189)
Gross profit/(loss)	4,889	(894)	4,889	(894)
Other income	347	575	347	575
Marketing expenses	(775)	(483)	(775)	(483)
Administrative expenses	(2,136)	(1,555)	(2,136)	(1,555)
Finance costs	(326)	(375)	(326)	(375)
Profit/(Loss) before tax	1,999	(2,732)	1,999	(2,732)
Taxation	(412)	(128)	(412)	(128)
Total comprehensive income/(loss)	1,587	(2,860)	1,587	(2,860)
Total comprehensive income/(loss) attributable to:				
- Owners of Heng Huat	1,585	(2,832)	1,585	(2,832)
- Non-controlling interests	2	(28)	2	(28)
	1,587	(2,860)	1,587	(2,860)
Basic earnings/(loss) per share (sen) attributable to owners of Heng Huat:				
- Basic ⁽²⁾	1.37	(8.34)	1.37	(8.34)
- Diluted ⁽²⁾	0.96	(8.34)	0.96	(8.34)

Notes:

N/A Not applicable.

⁽¹⁾ The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Kindly refer to Note B8 for further details.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

	As at 30.06.2021 ⁽¹⁾ RM'000 (unaudited)	As at 31.03.2021 RM'000 (audited)
Non-Current Assets		
Property, plant and equipment	36,480	37,500
Right-of-use assets	8,097	8,641
Intangible assets	150	155
	44,727	46,296
Current Assets		
Inventories	5,658	4,521
Trade and other receivables	17,342	13,255
Current tax assets	679	735
Cash and cash equivalents	8,946	9,404
	32,625	27,915
Non-current assets held for sale	3,400	3,400
	36,025	31,315
TOTAL ASSETS	80,752	77,611
Equity		
Share capital	64,425	60,055
Warrants reserve	4,372	-
Reorganisation reserve	(5,185)	(5,185)
Accumulated losses	(17,857)	(19,442)
	45,755	35,428
Non-controlling interests	238	236
Total Equity	45,993	35,664
Non-Current Liabilities		
Lease liabilities	4,620	5,108
Borrowings	7,104	7,573
Deferred tax liabilities	858	858
	12,582	13,539
Current Liabilities		
Trade and other payables	16,319	13,073
Contract liabilities	-	155
Lease liabilities	1,823	1,827
Borrowings	4,035	13,353
	22,177	28,408
Total Liabilities	34,759	41,947
TOTAL EQUITY AND LIABILITIES	80,752	77,611
NET ASSETS PER SHARE (RM)	0.33⁽²⁾	0.39⁽³⁾

Notes:

- ⁽¹⁾ The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.
- ⁽²⁾ Calculated based on the Company's existing issued share capital for the financial period ended as at 30 June 2021 of 138,707,334 ordinary shares.
- ⁽³⁾ Calculated based on the Company's existing issued share capital for the financial year ended as at 31 March 2021 of 92,471,601 ordinary shares.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	[----- Non-distributable -----]			Distributable	Total attributable to owners of the Company	Non- controlling interests	Total equity
	Share capital	Warrants Reserve	Reorganisation reserve	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2021	60,055	-	(5,185)	(19,442)	35,428	236	35,664
Total comprehensive profit for the financial period	-	-	-	1,585	1,585	2	1,587
Right issue of shares with warrants	4,370	4,372	-	-	8,742	-	8,742
At 30 June 2021	64,425	4,372	(5,185)	(17,857)	45,755	238	45,993
At 1 April 2020	40,538	-	(5,185)	718	36,071	205	36,276
Adjustment of MFRS recognition: - MFRS 16 lease portion	-	-	-	(6)	(6)	-	(6)
Total comprehensive loss for the financial period	-	-	-	(2,832)	(2,832)	(28)	(2,860)
At 30 June 2020	40,538	-	(5,185)	(2,120)	33,233	177	33,410

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

	Year-to-date ended	
	30.06.2021 RM'000	30.06.2020 RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,999	(2,732)
<u>Adjustments for:</u>		
Amortisation of intangible assets	6	5
Depreciation of property, plant and equipment	852	1,821
Depreciation of right-of-use assets	544	250
Fair value adjustment on derivative instruments	-	(8)
Gain on disposal of property, plant and equipment	(51)	(61)
Allowance for expected credit loss:		
- Current year	47	-
- Reversal	(159)	-
Interest expense	326	375
Interest income	(3)	(7)
Unrealised gain on foreign exchange	(9)	-
	3,552	(357)
Operating profit/(loss) before working capital changes		
(Increase)/Decrease in inventories	(1,137)	1,675
(Increase)/Decrease in trade and other receivables	(3,966)	2,997
Increase in trade and other payables	3,246	469
Decrease in contract liabilities	(155)	-
	1,540	4,784
Tax paid	(356)	(145)
	1,184	4,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3	7
Proceeds from disposal of property, plant and equipment	295	805
Purchase of intangible assets	(1)	-
Purchase of property, plant and equipment	(76)	(79)
Changes in fixed deposits pledged with licensed banks	35	19
	256	752
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(326)	(375)
Net proceeds from right issue of shares with warrants	8,742	-
Net repayment of bankers' acceptance	8	-
Net repayment of term loans	(921)	(692)
Net repayment of finance lease liabilities	(494)	(510)
Net repayment of lease liabilities	(492)	(158)
	6,517	(1,735)
Net cash from/(used in) financing activities		
Net changes in cash and cash equivalents	7,957	3,656
Cash and cash equivalents at beginning of the financial period	(496)	(11,723)
Cash and cash equivalents at end of the financial period	7,461	(8,067)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
(UNAUDITED)

	Year-to-date ended	
	30.06.2021	30.06.2020
	RM'000	15 months RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,031	4,472
Fixed deposits pledged to financial institutions	915	1,267
	<hr/>	<hr/>
Less: Bank overdraft	8,946	5,739
Less: Fixed deposits pledged to financial institutions	(570)	(12,539)
	(915)	(1,267)
	<hr/>	<hr/>
	7,461	(8,067)
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Note:

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Part K, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“ACE LR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

A2. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted the following new standards/amendments/improvements to MFRSs that are mandatory for the current financial period:

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform

Initial application for the above new standards/amendments/improvements to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.



A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial period.

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.



A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 March 2021 were not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal/cyclical effects. Demand for the Group's oil palm EFB fibre generally experience a decline during the Chinese New Year season mainly due to slowdown in logistics services and business activities in China during this period as businesses are closed for holidays during the festive season.

The Group typically experience higher sales of mattresses and related products prior to major festive season such as Chinese New Year and Hari Raya in tandem with the expected increase in household spending for such items during such periods.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial year that have a material impact on the current quarter and financial period under review.

A7. DEBTS AND EQUITY SECURITIES

Proposed Fund Raising: Announcement dated 9 February 2021

On 9 February 2021, the Company proposed to undertake a renounceable rights issue of up to 46,235,800 new ordinary shares of the Company on the basis of 1 rights share for every 2 existing shares held together with up to 69,353,700 free detachable warrants on the basis of 3 warrants for every 2 rights shares subscribed for.

The proposed fund raising was completed on 17 May 2021 with the listing of and quotation for 46,235,733 rights shares at RM0.20 per rights share together with 69,353,589 warrants on the ACE Market of Bursa Malaysia Securities Berhad.

Save from the above, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. DIVIDEND PAID/ DECLARED

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review. (For Financial Year Ended 31 March 2021: Nil)



A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of current quarter and financial period under review that have not been reflected in this interim financial report or announced to the Bursa Securities.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period under review.

A11. CHANGES IN CONTINGENT LIABILITIES

There are no material contingent liabilities as at the date of this report.

A12. CAPITAL COMMITMENTS

The Group's capital commitments in respect of property, plant and equipment which were not provided in the financial statements as at 30 June 2021 is as follows:

	As at 30.06.2021 RM'000
Property, plant and equipment	
Approved but not contracted for	-
Contracted but not provided for	540
	<u>540</u>

A13. SEGMENT INFORMATION

The Group, through its subsidiaries, are principally engaged in manufacturing and trading of biomass materials, manufacturing and trading of mattresses and related products. There is no change to the principal activities of the Group during the current quarter and financial period under review.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Biomass materials and related products

Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.
- (ii) Mattresses and related products

Manufacturing and trading of mattresses and related products.



A13. SEGMENT INFORMATION (Cont'd)

	Current quarter ended		Year-to-date ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Biomass materials and related products	18,904	9,673	18,904	9,673
Mattresses and related products	4,682	3,782	4,682	3,782
	23,586	13,455	23,586	13,455
Elimination of intragroup transactions	(3,010)	(1,160)	(3,010)	(1,160)
Revenue from external customers	20,576	12,295	20,576	12,295

<u>Segment Results</u>				
Biomass materials and related products	2,524	(2,748)	2,524	(2,748)
Mattresses and related products	(235)	150	(235)	150
	2,289	(2,598)	2,289	(2,598)
Unallocated corporate expenses (net)	(290)	(134)	(290)	(134)
Elimination of intragroup transactions	-	-	-	-
Profit/(Loss) before tax of the Group	1,999	(2,732)	1,999	(2,732)

	Current quarter ended		Year-to-date ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<u>Segment Assets</u>				
Biomass materials and related products	63,088	101,487	63,088	101,487
Mattresses and related products	12,642	17,247	12,642	17,247
	75,730	118,734	75,730	118,734
Tax assets	679	800	679	800
Unallocated assets	14,506	29,689	14,506	29,689
Elimination of intragroup balances	(10,163)	(40,093)	(10,163)	(40,093)
Total assets of the Group	80,752	109,130	80,752	109,130

<u>Segment Liabilities</u>				
Biomass materials and related products	31,980	88,016	31,980	88,016
Mattresses and related products	10,841	16,684	10,841	16,684
	42,821	104,700	42,821	104,700
Tax liabilities	858	647	858	647
Unallocated liabilities	778	10,001	778	10,001
Elimination of intragroup balances	(9,698)	(39,628)	(9,698)	(39,628)
Total liabilities of the Group	34,759	75,720	34,759	75,720

A14. RELATED PARTY TRANSACTIONS

	Current quarter ended		Year-to-date ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to a company in which a director of the Group has substantial financial interest	134	152	134	152

The above transactions are necessary for the Group's day-to-day operations and are undertaken in the ordinary course of business. The above transactions are carried out on terms not more favourable to the related parties than those generally available to the public, which are not to the detriment of the non-controlling shareholders of the Group.



ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. ANALYSIS OF PERFORMANCE

	Individual Quarter		Changes	Cumulative Period				
	Current year quarter	Preceding year Corresponding Quarter		Current year period	Preceding year Corresponding Period	Changes		
	30.06.2021 RM'000	30.06.2020 RM'000		30.06.2021 RM'000	30.06.2020 RM'000	%	RM'000	%
Revenue	20,576	12,295	8,281	67.35	20,576	12,295	8,281	67.35
Profit/(Loss) before tax	1,999	(2,732)	4,731	173.17	1,999	(2,732)	4,731	173.17
Profit/(Loss) after tax	1,587	(2,860)	4,447	155.49	1,587	(2,860)	4,447	155.49

Revenue

For the current quarter and financial period ended 30 June 2021, the Group recorded revenue of RM20.58 million, representing increase of approximately RM8.28 million or 67.35% registered in the preceding year corresponding quarter and period.

Current Quarter and Period Under Review

The increase of sales performance was primarily attributable to the following factors:

- i. Increase in sales volume of bio-oil product, where total quantities sold during the current quarter under review improved by approximately 400.51% as compared to the preceding year corresponding quarter and period;
- ii. Increase in average selling prices of bio-oil product, which average selling price sold during the current quarter under review has improved by approximately 87.39% as compared to the preceding year corresponding quarter; and

However, the increase of sales performance was partially offset by the decrease in sales volume of oil palm EFB fibre during the current quarter by approximately 57.42% as compared to the preceding year corresponding quarter and period.

Profit Before Tax

Our Group reported a profit before taxation of approximately RM2 million for the current period and financial period, representing an increase of approximately RM4.73 million or 173.17% as compared to the preceding year corresponding quarter and period.

The financial performance for the current quarter and financial period under review, as compared to the preceding year corresponding quarter and period, was primarily due to the following factors:

Higher gross profit margin achieved, as a result of lower average unit cost arising from higher production output for bio-oil product.



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 30.06.2021	Preceding quarter ended 31.03.2021
	RM'000	RM'000
Profit/(Loss) before taxation	<u>1,999</u>	<u>(653)</u>

Our Group recorded a profit before tax of approximately RM2 million for the current quarter ended 30 June 2021, as compared to a loss before tax of RM0.65 million in the preceding quarter ended 31 March 2021.

This is mainly due to higher provision of impairment property, plant and equipment and allowance for expected credit loss in the preceding quarter.

B3. PROSPECTS

The global economy is recovering, and is expected to expand by 5.6 percent in 2021 and 4.3 percent in 2022. The strength of the near term recovery is, to a large extent, attributable to a few major economies, such as the United States and China. In many other economies, the pickup is projected to be less robust than previously envisioned, partly due to the continued spread of the virus and slow vaccine distribution of COVID-19.

(Source: Global Economic Prospects – June 2021, World Bank Group)

Notwithstanding that, our Group remain cautiously optimistic that orders for oil palm EFB fibre from China in the mid and long term will be promising backed by the rising population in China and increasing demand for raw material alternatives that are cheaper, natural and environmentally-friendly.

The Board will monitor the market development closely, and ensure that prompt actions are taken in response to the changes. Moreover, the Board will, from time to time, identify appropriate new business venture/ opportunity to enhance and expand the Group's revenue base and source.

Barring any unforeseen circumstances and adverse external economic factors, the Board of Directors is of the view that the Group's financial performance will remain positive.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.



B5. TAX EXPENSE

	Current quarter ended 30.06.2021 RM'000	Year-to-date ended 30.06.2021 RM'000
Current tax expense	(412)	(412)
Effective tax rate	20.61%	20.61%

The Group's effective tax rate for the current quarter and financial period under review stood at 20.61%. The prevailing statutory tax rate applicable to the Group is 24%.

The effective tax rate is lower than the applicable statutory tax rate of 24% as certain subsidiaries of the Group have been granted pioneer status by Malaysia Industrial Development Authority which exempts 100% of statutory income in relation to production of certain products.

B6. STATUS OF CORPORATE PROPOSALS

Proposed Multiple Proposal: Announcement dated 13 August 2020

On 14 August 2020, the Company announced that the additional listing application in relation to the Proposals has been submitted to Bursa Securities on 14 August 2020.

On 10 November 2020, the Company announced that Bursa Securities had, vide its letter dated 9 November 2020, approved the following:

- i. listing of and quotation for 24,219,600 Creditor Settlement Shares to be issued pursuant to the Proposed Debt Settlement with Creditors;
- ii. listing of and quotation for 21,875,000 Director Settlement Shares to be issued pursuant to the Proposed Debt Settlement with Directors;
- iii. listing of and quotation for 9,024,300 Consideration Shares to be issued pursuant to the Proposed Issuance of Consideration Shares;
- iv. listing of and quotation for up to 27,741,400 Placement Shares to be issued pursuant to the Proposed 30% Placement; and
- v. listing of and quotation for such number of new ordinary shares in Heng Huat representing up to 30% of the total number of issued shares in Heng Huat (excluding any treasury shares) at any point in time during the duration of the Proposed SIS, to be issued pursuant to the exercise of SIS Options.

The Proposed Multiple Proposal was subsequently approved by the shareholders of the Company in the Extraordinary General Meeting held on 2 December 2020.



B6. STATUS OF CORPORATE PROPOSALS (Cont'd)

The proposed issuance of new ordinary shares for settlement of debt owing to selected creditor has been completed on 10 December 2020 and 30 December 2020, following the listing of 21,810,500 and 2,409,100 of new ordinary shares respectively on ACE Market of Bursa Securities.

The proposed issuance of new ordinary shares for settlement of debt owing to director has been completed on 10 December 2020, following the listing of 21,875,000 of new ordinary shares on ACE Market of Bursa Securities.

The proposed issuance of new ordinary shares for two separate acquisitions of land by HH Land and Development Sdn Bhd has been completed on 10 December 2020 and 15 December 2020, following the listing of 3,414,600 and 5,609,700 of new ordinary shares respectively on ACE Market of Bursa Securities.

On 9 February 2021, the Company had announced that the Company had decided not to proceed with the implementation of the 30% Placement, with the reason being that the Company will announce a proposed renounceable rights issue of shares with warrants to enable all shareholders of the Company to participate in the Company's fund-raising efforts.

On 7 May 2021, the Company announced that the effective date for the implementation of SIS is 7 May 2021.

Proposed Fund Raising: Announcement dated 9 February 2021

On 9 February 2021, the Company announced that the additional listing application in relation to the Proposals has been submitted to Bursa Securities on 9 February 2021.

On 25 February 2021, the Company announced that Bursa Securities had, vide its letter dated 25 February 2021, approved the following:

- i. listing and quotation of up to 46,235,800 Rights Shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
- ii. admission to the Official List and listing and quotation of up to 69,353,700 Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and
- iii. listing and quotation of up to 69,353,700 new Heng Huat Shares to be issued arising from the exercise of the Warrants.

The approval granted by Bursa Securities for the Proposed Rights Issue of Shares with Warrants is subject to the following conditions:

- i. the Company and its principal advisor must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue of Shares with Warrants;
- ii. the Company and its principal advisor to inform Bursa Securities upon the completion of the Proposed Rights Issue of Shares with Warrants;
- iii. the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of Shares with Warrants is completed; and



B6. STATUS OF CORPORATE PROPOSALS (Cont'd)

- iv. the Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.

On 17 May 2021, the Proposed fund raising has been completed, where a total of 46,235,733 Rights Shares together with 69,353,589 Warrants were placed out. Total gross proceeds raised amounted to RM9,247,146. The status of utilisation of the proceeds as per reporting date as follow:

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation	
				RM'000	%
Repayment of bank borrowings	Within 3 months	6,899	-	-	-
General administrative and operating expenses	Within 6 months	2,348	2,348	-	-
Total		9,247	2,348	-	-

Save from the above, there were no other corporate proposals announced as at date of this announcement.

B7. BORROWINGS

The Group's borrowings as at 30 June 2021 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
<i>Secured and guaranteed</i>			
Bankers' acceptance	104	-	104
Bank overdrafts	570	-	570
Finance lease liabilities	876	764	1,640
Term loans	2,485	6,340	8,825
Total Borrowings	4,035	7,104	11,139

All the borrowings are denominated in Ringgit Malaysia (RM), and obtained from financial institutions based in Malaysia.



B8. EARNINGS PER SHARE

Basic Earnings per Share (“BEPS”)

	Current quarter ended		Year-to-date ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit/(Loss) attributable to equity holders of the parent	1,585	(2,832)	1,585	(2,832)
Weighted average number of ordinary shares in issue ('000)	115,335	33,957	115,335	33,957
BEPS (sen)	1.37	(8.34)	1.37	(8.34)

Diluted Earnings per Share (“DEPS”)

	Current quarter ended		Year-to-date ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Diluted earnings per share				
Profit/(Loss) attributable to equity holders of the parent	1,585	(2,832)	1,585	(2,832)
Weighted average number of ordinary shares in issue ('000)	164,558	33,957	164,558	33,957
DEPS (sen)	0.96	(8.34)	0.96	(8.34)

B9. CHANGES IN MATERIAL LITIGATION

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.



B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

Included in profit before tax comprised the following income/(expense) items:

	Current quarter ended 30.06.2021 RM'000	Year-to-date ended 30.06.2021 RM'000
Interest income	3	3
Interest expense	(326)	(326)
Depreciation expenses	(1,396)	(1,396)
Amortisation expenses	(6)	(6)
Unrealised gain on foreign exchange	9	9
Gain on disposal of property, plant and equipment	51	51
Allowance for expected credit losses:		
- Current year	(47)	(47)
- Reversal	159	159

B11. FINANCIAL INSTRUMENTS

Derivatives

There were no outstanding derivatives financial instruments entered into by the Group as at the date of this interim financial report.