

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Comprehensive Income****For the period ended 30 September 2017****The figures have not been audited**

	Note	<u>2017</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2016</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2017</u> 9 MONTHS CUMULATIVE TO DATE RM'000	<u>2016</u> 9 MONTHS CUMULATIVE TO DATE RM'000
Revenue		70,343	64,588	213,447	202,848
Cost of sales		(44,217)	(39,368)	(133,016)	(120,246)
<b>Gross profit</b>		<b>26,126</b>	<b>25,220</b>	<b>80,431</b>	<b>82,602</b>
Other income		1,114	999	3,394	3,242
Administrative expenses		(4,981)	(4,889)	(15,208)	(15,482)
Selling and marketing expenses		(9,446)	(7,952)	(28,084)	(24,792)
<b>Operating profit</b>		<b>12,813</b>	<b>13,378</b>	<b>40,533</b>	<b>45,570</b>
Finance cost		-	-	-	-
<b>Profit before tax</b>	10	<b>12,813</b>	<b>13,378</b>	<b>40,533</b>	<b>45,570</b>
Income tax expense	23	(3,350)	(3,421)	(10,470)	(11,588)
<b>Profit for the period</b>		<b>9,463</b>	<b>9,957</b>	<b>30,063</b>	<b>33,982</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>9,463</b>	<b>9,957</b>	<b>30,063</b>	<b>33,982</b>
Profit attributable to : Owners of the Parent		9,463	9,957	30,063	33,982
Total Comprehensive Income for the period, net of tax attributable to : Owners of the Parent		9,463	9,957	30,063	33,982
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	33(a)	1.18	1.24	3.76	4.25
-Diluted	33(b)	1.18	1.24	3.76	4.25

*( The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements )*

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Financial Position****As at 30 September 2017****The figures have not been audited**

	Note	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
<b><u>ASSETS:</u></b>			
<b>Non-current assets:</b>			
Property, Plant and Equipment		76,123	77,086
Investment property		211	213
Deferred tax assets		73	55
<i>Sub total</i>		76,407	77,354
<b>Current assets:</b>			
Inventories		27,415	22,780
Trade and other receivables	11	33,298	38,720
Prepayments		750	798
Tax recoverable		70	-
Cash and cash equivalents	12	98,155	105,694
<i>Sub total</i>		159,688	167,992
<b>TOTAL ASSETS</b>		<b>236,095</b>	<b>245,346</b>
<b><u>EQUITY AND LIABILITIES:</u></b>			
<b>Equity attributable to</b>			
<b>Owners of the Company :</b>			
Share capital		80,000	80,000
Retained earnings		85,134	103,071
<b>TOTAL EQUITY</b>		<b>165,134</b>	<b>183,071</b>
<b>Non-current liabilities :</b>			
Deferred tax liabilities		6,492	6,959
<i>Sub total</i>		6,492	6,959
<b>Current liabilities:</b>			
Trade and other payables		44,953	49,700
Income tax payable		3,516	5,616
Dividends payable		16,000	-
<i>Sub total</i>		64,469	55,316
<b>TOTAL LIABILITIES</b>		<b>70,961</b>	<b>62,275</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>236,095</b>	<b>245,346</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements )

**HUP SENG INDUSTRIES BERHAD (226098-P)**

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**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Changes in Equity****The figures have not been audited****For the period ended 30 September 2017**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
<b>Opening balance at 1 January 2017</b>	80,000	103,071	183,071
Total comprehensive income for the period	-	30,063	30,063
Transaction with the owners			
Dividends on ordinary shares	-	(48,000)	(48,000)
Total transaction with the owners	-	(48,000)	(48,000)
<b>Closing balance at 30 September 2017</b>	<b>80,000</b>	<b>85,134</b>	<b>165,134</b>

**For the corresponding period  
ended 30 September 2016**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
<b>Opening balance at 1 January 2016</b>	80,000	85,665	165,665
Total comprehensive income for the period	-	33,982	33,982
Transaction with the owners			
Dividends on ordinary shares	-	(32,000)	(32,000)
Total transaction with the owners	-	(32,000)	(32,000)
<b>Closing balance at 30 September 2016</b>	<b>80,000</b>	<b>87,647</b>	<b>167,647</b>

*( The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements )*

**HUP SENG INDUSTRIES BERHAD (226098-P)**

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**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Cash Flows**

**For the period ended 30 September 2017**

**The figures have not been audited**

	Note	<b>2017</b> 9 months ended 30/09/2017 RM'000	<b>2016</b> 9 months ended 30/09/2016 RM'000
<b>Cash flows from operating activities:</b>			
<b>Profit before tax</b>		<b>40,533</b>	<b>45,570</b>
Adjustments for:			
Allowance for doubtful debts		52	29
Bad debts written off		9	5
Depreciation of property, plant and equipment		4,340	4,008
(Gain)/loss on disposal of property, plant and equipment		(79)	106
Interest income		(2,551)	(2,611)
Inventories written off		67	39
Property, plant and equipment written off		20	32
Total adjustments		1,858	1,608
Operating profit before changes in working capital		42,391	47,178
Changes in working capital			
Increase in inventories		(4,702)	(2,177)
Decrease in trade and other receivables		5,361	7,290
Decrease in prepayments		48	127
Decrease in trade and other payables		(4,747)	(7,777)
Total changes in working capital		(4,040)	(2,537)
Cash flows from operations		38,351	44,641
Taxes paid		(13,125)	(14,970)
<b>Net cash flows from operating activities</b>		<b>25,226</b>	<b>29,671</b>
<b>Cash flows from investing activities</b>			
(Placement)/withdrawal of deposits with more than 3 months with licensed bank		(570)	2,041
Interest received		2,551	2,611
Proceeds from disposal of property, plant and equipment		203	303
Purchase of property, plant and equipment		(3,519)	(18,808)
<b>Net cash used in investing activities</b>		<b>(1,335)</b>	<b>(13,853)</b>
<b>Cash flows from financing activities</b>			
Dividends paid on ordinary shares		(32,000)	(32,000)
<b>Net cash used in financing activities</b>		<b>(32,000)</b>	<b>(32,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,109)</b>	<b>(16,182)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>98,067</b>	<b>109,323</b>
<b>Cash and cash equivalents at end of financial period</b>	12	<b>89,958</b>	<b>93,141</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements )*

# HUP SENG INDUSTRIES BERHAD (226098-P)

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Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 September 2017

## 1. Corporate information

Hup Seng Industries Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

## 2. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2017, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2016. The explanatory notes attached to these condensed consolidated interim financial statements 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 year ended 31 December 2016.

## 3. Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2016 except for the adoption of the following which are applicable to the financial statements and are relevant to the operations:

### (i) Adoption of standards and interpretations

	Effective for annual periods beginning <u>on or after</u>
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

The adoption of the above standards and interpretations does not have significant financial impact to the Group's consolidated financial statements for the current quarter.

### (ii) Standards and interpretations issued but not yet effective

At the date of authorisation of these interim financial statements, the followings standards and interpretations were issued but not yet effective and have not been applied by the Group:

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	Effective for annual periods beginning <u>on or after</u>
Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group will need to assess the impact for all the accounting standards listed above.

**4. Comments about seasonal or cyclical factors**

The Group's business operations are normally affected by seasonal factors occurring in certain periods of the financial year, such as Hari Raya Puasa, Chinese New Year, etc.

**5. Unusual Items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the cumulative financial period ended 30 September 2017.

**6. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. Capital management, debt and equity securities**

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders and issue new shares, where necessary. For capital management purposes, the Group considers shareholders' equity and total liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 30 September 2017 and 31 December 2016, which are within the Group's objectives for

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capital management, are as follows:

	As at 30.09.2017 <u>RM'000</u>	As at 31.12.2016 <u>RM'000</u>
Total liabilities	70,961	62,275
Total equity	165,134	183,071
Total capital	80,000	80,000
Gearing ratio	43%	34%

The increase in the gearing ratio is mainly due to the increase in total liabilities mainly arising from dividends payable.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period to date.

## 8. Dividends

	<u>Date of payment</u>	<u>Cumulative to date 30.09.2017 RM'000</u>
Dividend paid on per ordinary share:		
-Interim dividend of 2 sen per share (single-tier) and a special dividend of 2 sen per share (single-tier) for 2016 declared on 2 March 2017	10.04.2017	32,000
-Interim dividend of 2 sen per share (single-tier) for 2017 declared on 6 September 2017	10.10.2017	<u>16,000</u>
		<u>48,000</u>

## 9. Operating Segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. The biscuit manufacturing segment is in the business of manufacture and sales of biscuits.
- II. The beverage manufacturing segment is in the business of manufacture and wholesale of coffee mix and all kinds of foodstuff.
- III. The trading division segment is in the business of sales and distribution of biscuits, confectionery and other foodstuff.

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For the period ended 30 September 2017

<b>Quarter ended 30.09.2017</b>	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	51,179	2,275	51,174	104,628
Profit for reportable segments	6,828	69	6,606	13,503
<b>9 months cumulative to date</b>				
Revenue *	156,216	6,347	151,534	314,097
Profit for reportable segments	22,856	171	19,464	42,491

Reconciliation of profit or loss

Profit or loss for the financial period ended 30.09.2017	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	13,503	42,491
Profit from inter-segment sales	(116)	(80)
Other income	202	591
Unallocated expenses	(776)	(2,469)
Profit before tax	12,813	40,533

\* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 9 months cumulative to date are RM34,285,000 and RM100,650,000 respectively.

Trading division mainly comprises domestic sales. Biscuit remain the dominant range which represents about 94% of the total sales, while beverages and other agents' products make up the balance. The comments on Note 19 apply to the above three reportable operating segments.

**10. Profit before tax**

Included in the profit before tax are the following items:

	Quarter ended		Cumulative to date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(833)	(827)	(2,551)	(2,611)
Rental income	(5)	(5)	(15)	(15)
Reversal of impairment losses on trade receivable (Note 11)	(4)	(4)	(9)	(15)
Allowance for doubtful debts (Note 11)	20	4	52	29
Bad debts written off	2	2	9	5
Depreciation of property, plant and equipment	1,472	1,347	4,340	4,008
Loss/(gain) on disposal of property, plant and equipment	-	87	(79)	106
Inventories written off	19	19	67	39
Property, plant and equipment written off	1	28	20	32
Realised exchange loss	55	50	323	422



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**11. Trade and other receivables**

	As at	
	30.09.2017	31.12.2016
	RM'000	RM'000
Trade receivables		
Third parties	32,828	38,196
Less: Allowance for doubtful debts	(255)	(224)
Trade receivables, net	<u>32,573</u>	<u>37,972</u>
Other receivables	725	748
Total trade and other receivables	<u><u>33,298</u></u>	<u><u>38,720</u></u>

**Trade receivables**

The ageing analysis of the Group's trade receivables is as follows:

	As at	
	30.09.2017	31.12.2016
	RM'000	RM'000
Neither past due nor impaired	24,037	28,977
1 to 30 days past due not impaired	7,051	7,779
31 to 60 days past due not impaired	1,005	977
61 to 90 days past due not impaired	174	154
91 to 120 days past due not impaired	62	53
More than 121 days past due not impaired	244	32
	8,536	8,995
Impaired	255	224
	<u>32,828</u>	<u>38,196</u>

Receivables that are impaired

Movement in allowance accounts (individually impaired):

At 1 January	224	232
Charge for the period/year (Note 10)	52	53
Written off	(12)	(39)
Reversal of impairment losses (Note 10)	(9)	(22)
	<u>255</u>	<u>224</u>

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**12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	As at	
	30.09.2017	31.12.2016
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	33,618	6,737
Short-term deposits with licensed banks	56,340	91,330
Cash and cash equivalents	89,958	98,067
Short-term deposits of more than 3 months with licensed banks	8,197	7,627
	<u>98,155</u>	<u>105,694</u>

**13. Foreign exchange exposure**

The Group's exposures to foreign currency are as follows:

	As at	
	30.09.2017	31.12.2016
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	2,140	2,663
Singapore Dollars	2,030	2,454

The Group does not engage in any formal hedging activities.

**14. Events after the reporting period**

There were no material events subsequent to the end of the current quarter.

**15. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

**16. Changes in contingent liabilities and contingent assets**

The Group has no contingent liabilities or contingent assets since the last annual date of the statement of financial position as at 31 December 2016.

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Part A: Explanatory notes pursuant to MFRS 134  
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**17. Capital commitments**

Authorized capital commitments not recognised in the interim financial statements as at 30 September 2017 are as follows:

	RM'000
Contracted but not provided for:	
Purchase plant and equipment	<u>293</u>

**18. Related party transactions**

	Current quarter ended 30.09.2017 <u>RM</u>	9 months cumulative to date 30.09.2017 <u>RM</u>
Rental of premises payable to:		
-Hup Seng Brothers Holdings Sdn. Bhd. #	<u>30,000</u>	<u>90,000</u>

# Note: Certain directors of the Group are also directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
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**19. Performance review**

**Financial review for current quarter and financial year to date**

	3 months Quarter ended		Changes		9 months cumulative to date		Changes	
	30.09.2017 RM'000	30.09.2016 RM'000	Amount RM'000	%	30.09.2017 RM'000	30.09.2016 RM'000	Amount RM'000	%
Revenue	70,343	64,588	5,755	9	213,447	202,848	10,599	5
Operating profit	12,813	13,378	(565)	(4)	40,533	45,570	(5,037)	(11)
Profit before interest and tax	12,813	13,378	(565)	(4)	40,533	45,570	(5,037)	(11)
Profit before tax	12,813	13,378	(565)	(4)	40,533	45,570	(5,037)	(11)
Profit after tax	9,463	9,957	(494)	(5)	30,063	33,982	(3,919)	(12)
Profit attributable to: Owners of the Parent	9,463	9,957	(494)	(5)	30,063	33,982	(3,919)	(12)

The Group's revenue for the current quarter ended 30 September 2017 has increased by 9% to RM70,343,000 from RM64,588,000 in the quarter ended 30 September 2016. Domestic sales has a strong growth of 16% compared to previous corresponding period, but this growth was reduced by a decline in export market of about 7% mainly from Myanmar.

The Group registered a profit before tax of RM12,813,000 as compared to a profit before tax of RM13,378,000 in the preceding corresponding quarter, a decrease of nearly 4% mainly due to higher promotion expenses incurred during the current quarter. Escalating input cost slowed down margin growth of the Group despite an improvement in turnover.

The Group's revenue for cumulative nine months has increased by 5% to RM213,447,000 from RM202,848,000 as compared with the preceding year corresponding period. Domestic sales registered an increase of 3% or about RM5 million mainly from modern and wholesale channels. Export sales registered an increase of 11% or about RM6 million propelled by higher demand from existing distributors due to concerted effort of promotion activities as well as contribution from a new distributor in China whom the Group nurtured since 2016.

The profit before tax, however, has decreased to RM40,533,000 when compared with the preceding year corresponding period of RM45,570,000. Escalating input cost eroded margin growth of the Group despite an improvement in turnover. Higher promotional expenses and other operating costs including fuel costs also depressed the profit performance.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
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**20. Comment of material change in profit before taxation**

**Financial review for current quarter compared with immediate preceding quarter**

	Current quarter	Immediate preceding quarter	Changes	
	30.09.2017 RM'000	30.06.2017 RM'000	Amount RM'000	%
Revenue	70,343	69,250	1,093	2
Operating profit	12,813	12,209	604	5
Profit before interest interest and tax	12,813	12,209	604	5
Profit before tax	12,813	12,209	604	5
Profit after tax	9,463	9,021	442	5
Profit attributable to: Owners of the Parent	9,463	9,021	442	5

Group's revenue has increased 2% to RM70,343,000 in the current quarter ended 30 September 2017 as compared to RM69,250,000 in the preceding quarter which experienced the effects of seasonality.

Similarly, profit before tax increased by 5% to RM12,813,000 as compared to RM12,209,000 in the preceding quarter as result of higher biscuits sales in domestic market.

**21. Commentary of prospects**

The operating environment is expected to remain highly competitive. The Group witnessed some margin compression arising from costs pressures amid continued growth in revenue. Nevertheless, the Group will continue its efforts to enhance operating efficiency programmes to mitigate as much as possible the impact of higher input costs. The Group will continue to focus in improving the Group's performance by innovating products portfolio, broadening the distributor network to safeguard the Group's revenue and profitability.

**22. Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

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**23. Income tax expense**

	3 months		9 months	
	Quarter ended		cumulative to date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Current income tax :				
-Malaysia income tax	3,687	3,637	10,955	11,854
-Deferred taxation	(337)	(216)	(485)	(266)
	<u>3,350</u>	<u>3,421</u>	<u>10,470</u>	<u>11,588</u>

Major components of tax expenses

	Current	9 months
	Quarter ended	cumulative
	30.09.2017	to date
	RM'000	RM'000
Current tax expense	3,687	10,955
Deferred tax expense	(337)	(485)
	<u>3,350</u>	<u>10,470</u>
Profit before taxation	12,813	40,533
Taxation at the Malaysian statutory tax rate of 24%	3,075	9,728
Adjustments:		
-Non-deductible expenses	292	779
-Expenses with double deduction	(17)	(37)
Income tax expense	<u>3,350</u>	<u>10,470</u>
Effective tax rate	26.1%	25.8%

**24. Sale of unquoted investments and properties**

There were no sale of unquoted investments and properties for the current quarter and financial year to date.

**25. Quoted securities**

There were no purchase and sale of quoted securities for the current quarter and financial year to date.

**26. Corporate proposals**

There were no corporate proposals announced but not completed not earlier than seven (7) days from 15 November 2017.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
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**27. Borrowings and debt securities**

There were no group borrowings and debt securities as at the end of the reporting period.

**28. Derivative financial instruments**

As at the reporting date of 30 September 2017, the Group has no outstanding derivative financial instruments.

**29. Gains / Losses arising from fair value changes of financial liabilities**

There are no gains/losses arising from fair value changes of any financial liabilities.

**30. Breakdown of realised and unrealised profit or losses of the Group**

	At end of current quarter 30.09.2017 <u>RM'000</u>	At end of current quarter 30.06.2017 <u>RM'000</u>
Total retained profits		
Realised	133,392	140,177
Unrealised	2,352	2,015
	<hr/>	<hr/>
	135,744	142,192
Less: Consolidation adjustments	(50,610)	(50,521)
Retained profits as per statement of financial position	<hr/>	<hr/>
	85,134	91,671

**31. Changes in material litigation**

There were no material litigation not earlier than seven (7) days from 15 November 2017.

**32. Dividend payable**

Other than as disclosed in Note 8 above, the Board of Directors recommends the payment of a second interim single-tier dividend of 2 sen per ordinary share in respect of the year ending 31 December 2017 for the financial quarter under review. The entitlement date will be announced in due course.

**HUP SENG INDUSTRIES BERHAD** (226098-P)  
(Incorporated in Malaysia)

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 September 2017

**33. Earnings per share**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months Quarter ended		9 months Quarter ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
<b>(a) Basic</b>				
Profit for the period (RM'000)	9,463	9,957	30,063	33,982
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.18	1.24	3.76	4.25
<b>(b) Diluted</b>				
Diluted earnings per share (sen)	1.18	1.24	3.76	4.25

**34. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

**35. Authorization for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 15 November 2017.