

HUP SENG INDUSTRIES BERHAD (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2019

The figures have not been audited

	Note	<u>2019</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2018</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2019</u> 9 MONTHS CUMULATIVE TO DATE RM'000	<u>2018</u> 9 MONTHS CUMULATIVE TO DATE RM'000
Revenue		76,650	74,639	221,741	221,520
Cost of sales		(50,780)	(47,972)	(145,497)	(141,425)
Gross profit		25,870	26,667	76,244	80,095
Other income		947	1,272	2,979	3,319
Administrative expenses		(4,854)	(4,525)	(14,851)	(14,969)
Selling and marketing expenses		(8,179)	(9,488)	(24,162)	(27,739)
Operating profit		13,784	13,926	40,210	40,706
Finance cost		(6)	-	(16)	-
Profit before tax	10	13,778	13,926	40,194	40,706
Income tax expense	23	(3,690)	(3,580)	(11,042)	(10,482)
Profit for the period		10,088	10,346	29,152	30,224
Total comprehensive income for the period, net of tax		10,088	10,346	29,152	30,224
Profit attributable to : Owners of the Parent		10,088	10,346	29,152	30,224
Total Comprehensive Income for the period, net of tax attributable to : Owners of the Parent		10,088	10,346	29,152	30,224
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	32(a)	1.26	1.29	3.64	3.78
-Diluted	32(b)	1.26	1.29	3.64	3.78

(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 2019****The figures have not been audited**

	Note	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
<u>ASSETS:</u>			
Non-current assets:			
Property, plant and equipment		87,306	75,679
Right-of-use assets		421	-
Investment property		208	210
Deferred tax assets		143	72
Prepayments for acquisition of property, plant and equipment		-	3,025
<i>Sub total</i>		88,078	78,986
Current assets:			
Inventories		24,520	25,415
Trade and other receivables	11	32,295	35,167
Prepayments		761	576
Cash and cash equivalents	12	86,602	96,320
<i>Sub total</i>		144,178	157,478
TOTAL ASSETS		232,256	236,464
<u>EQUITY AND LIABILITIES:</u>			
Equity attributable to			
Owners of the Company :			
Share capital		80,000	80,000
Retained earnings		75,422	78,270
TOTAL EQUITY		155,422	158,270
Non-current liabilities :			
Lease liabilities		356	-
Deferred tax liabilities		6,540	5,912
<i>Sub total</i>		6,896	5,912
Current liabilities:			
Trade and other payables		49,021	49,319
Contract liabilities		1,801	2,513
Lease liabilities		65	-
Income tax payable		3,051	4,450
Dividends payable		16,000	16,000
<i>Sub total</i>		69,938	72,282
TOTAL LIABILITIES		76,834	78,194
TOTAL EQUITY AND LIABILITIES		232,256	236,464

(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)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement of Changes in Equity****The figures have not been audited****For the period ended 30 September 2019**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
Opening balance at 1 January 2019	80,000	78,270	158,270
Total comprehensive income for the period	-	29,152	29,152
Transaction with the owners			
Dividends on ordinary shares	-	(32,000)	(32,000)
Total transaction with the owners	-	(32,000)	(32,000)
Closing balance at 30 September 2019	80,000	75,422	155,422

For the corresponding period ended 30 September 2018

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
Opening balance at 1 January 2018	80,000	83,518	163,518
Effect of adopting MFRS 9	-	(207)	(207)
At 1 January 2018, as restated	80,000	83,311	163,311
Total comprehensive income for the period	-	30,224	30,224
Transaction with the owners			
Dividends on ordinary shares	-	(32,000)	(32,000)
Total transaction with the owners	-	(32,000)	(32,000)
Closing balance at 30 September 2018	80,000	81,535	161,535

(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)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement of Cash Flows****For the period ended 30 September 2019****The figures have not been audited**

	Note	2019 9 months ended 30/09/2019 RM'000	2018 9 months ended 30/09/2018 RM'000
Cash flows from operating activities:			
Profit before tax		40,194	40,706
Adjustments for:			
Allowance for doubtful debts		85	51
Bad debts written off		5	26
Depreciation of property, plant and equipment		4,268	4,231
Depreciation for right-of-use assets		226	-
Finance cost		16	-
Interest income		(2,035)	(2,310)
Inventories written off		62	40
Impairment losses on trade receivables recovered		(10)	(32)
Gain on disposal of property, plant and equipment		(181)	(223)
Property, plant and equipment written off		353	341
Reversal of impairment loss on property, plant and equipment		(137)	-
Total adjustments		2,652	2,124
Operating profit before changes in working capital		42,846	42,830
Changes in working capital			
Decrease/(increase) in inventories		833	(803)
Decrease in trade and other receivables		2,792	5,262
Decrease/(increase) in prepayments		2,840	(3,050)
Decrease in trade and other payables		(1,010)	(8,303)
Total changes in working capital		5,455	(6,894)
Cash flows from operations		48,301	35,936
Finance cost paid		(16)	-
Taxes paid		(11,884)	(11,305)
Net cash flows from operating activities		36,401	24,631
Cash flows from investing activities			
Withdrawal of deposits with more than 3 months with licensed bank		-	3,197
Interest income received		2,035	2,310
Proceeds from disposal of property, plant and equipment		213	328
Purchase of property, plant and equipment		(16,141)	(3,193)
Net cash (used in)/from investing activities		(13,893)	2,642
Cash flows from financing activities			
Repayment for lease liabilities		(226)	-
Dividends paid on ordinary shares		(32,000)	(32,000)
Net cash used in financing activities		(32,226)	(32,000)
Net decrease in cash and cash equivalents		(9,718)	(4,727)
Cash and cash equivalents at beginning of financial year		87,320	90,829
Cash and cash equivalents at end of financial period	12	77,602	86,102

(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 2019

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 2019, 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 2018. 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 2018.

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 2018, 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

Description	Effective for annual periods beginning <u>on or after</u>
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

The adoption of the above standards and interpretations do not have significant financial impact to the Group's consolidated financial statements for the current quarter, except as discussed below:

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MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 January 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings of the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets').

The effect of the adoption of MFRS 16 Leases is as follows:

Group	Note	As at 1 January 2019 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Non-current assets				
Right-of-use assets	(a)	-	616	616
Non-current liabilities				
Lease liabilities		-	329	329
Current liabilities				
Lease liabilities		-	287	287
Total lease liabilities	(b)		616	616

Note:

- a) The right-of-use assets representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

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- b) The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.
- c) There is no impact to the Group's retained earnings as at 1 January 2019.

(II) Standards and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning <u>on or after</u>
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
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

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 2019.

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

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Part A: Explanatory notes pursuant to MFRS 134 For the period ended 30 September 2019

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 2019 and 31 December 2018, which are within the Group's objectives for capital management, are as follows:

	As at 30.09.2019	As at 31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
Total liabilities	76,834	78,194
Total equity	155,422	158,270
Total capital	80,000	80,000
Gearing ratio	49%	49%

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

	Date of <u>payment</u>	Cumulative to date 30.09.2019 <u>RM'000</u>
Dividend paid on per ordinary share:		
- Third Interim dividend of 2 sen per share (single-tier) for 2018 declared on 4 March 2019	05.04.2019	16,000
- An Interim dividend of 2 sen per share (single-tier) for 2019 declared on 13 September 2019	21.10.2019	<u>16,000</u>
		<u>32,000</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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Part A: Explanatory notes pursuant to MFRS 134

For the period ended 30 September 2019

Quarter ended 30.09.2019	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	57,545	2,037	54,084	113,666
Profit for reportable segments	9,039	201	5,192	14,432
9 months cumulative to date				
Revenue *	163,857	6,062	162,269	332,188
Profit for reportable segments	23,313	476	18,480	42,269

Reconciliation of profit or loss

Profit or loss for the financial period ended 30.09.2019	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	14,432	42,269
Profit from inter-segment sales	(41)	(66)
Other income	191	601
Unallocated expenses	(804)	(2,610)
Profit before tax	13,778	40,194

* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 9 months cumulative to date are RM37,016,000 and RM110,447,000 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.

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10. Profit before tax

Included in the profit before tax are the following items:

	Quarter ended		Cumulative to date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(672)	(828)	(2,035)	(2,310)
Rental income	-	(5)	(11)	(15)
Reversal of impairment loss on property, plant and equipment	-	-	(137)	-
Impairment losses on trade receivable recovered (Note 11)	(5)	(19)	(10)	(32)
Allowance for doubtful debts (Note 11)	34	19	85	51
Bad debts written off	4	17	5	26
Depreciation of property, plant and equipment	1,446	1,434	4,268	4,231
Depreciation of right-of-use assets	75	-	226	-
Finance cost	6	-	16	-
Gain on disposal of property, plant and equipment	(4)	(177)	(181)	(223)
Inventories written off	30	12	62	40
Property, plant and equipment written off	85	157	353	341
Realised exchange losses	139	97	377	466

11. Trade and other receivables

	As at	
	30.09.2019	31.12.2018
	RM'000	RM'000
Trade receivables		
Third parties	31,923	34,702
Less: Allowance for doubtful debts	(366)	(326)
Trade receivables, net	<u>31,557</u>	<u>34,376</u>
Other receivables	738	791
Total trade and other receivables	<u><u>32,295</u></u>	<u><u>35,167</u></u>

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Trade receivables

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

	As at	
	30.09.2019	31.12.2018
	RM'000	RM'000
Neither past due nor impaired	23,379	24,471
1 to 30 days past due not impaired	7,123	8,557
31 to 60 days past due not impaired	940	1,094
61 to 90 days past due not impaired	63	128
91 to 120 days past due not impaired	40	65
More than 121 days past due not impaired	12	61
	8,178	9,905
Impaired	366	326
	<u>31,923</u>	<u>34,702</u>
<u>Receivables that are impaired</u>		
Movement in allowance accounts :		
At 1 January	326	252
Effect of adopting MFRS 9	-	272
As restated	<u>326</u>	<u>524</u>
Charge/(reversal) for the period/year (Note 10)	85	(67)
Written off	(35)	(99)
Impairment losses recovered (Note 10)	(10)	(32)
	<u>366</u>	<u>326</u>

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	As at	
	30.09.2019	31.12.2018
	RM'000	RM'000
Cash and bank balances	9,613	11,220
Short-term deposits with licensed banks	67,989	76,100
Cash and cash equivalents	<u>77,602</u>	<u>87,320</u>
Long-term deposits of more than 3 months with licensed banks	9,000	9,000
	<u>86,602</u>	<u>96,320</u>

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13. Foreign exchange exposure

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

	As at	
	30.09.2019	31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	2,474	1,064
Singapore Dollars	1,412	2,115
Renminbi	-	9
	<u> </u>	<u> </u>

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 2018.

17. Capital commitments

Approved capital commitments not recognised in the interim financial statements as at 30 September 2019 are as follows:

	RM'000
Contracted but not provided for:	
Purchase of plant and equipment	<u> 1,019</u>

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18. Related party transactions

	Current quarter ended 30.09.2019 <u>RM</u>	9 months cumulative to date 30.09.2019 <u>RM</u>
Rental of premises payable to:		
-Hup Seng Brothers Holdings Sdn. Bhd. Note (a)	31,350	94,050
Sale of motor vehicles to:		
-Kelapa Sawit Tai Hwa Sdn Bhd. Note (b)	15,400	15,400

Note:

- a) Certain directors of the Group are also directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.
- b) The spouse of the Director of the Company, namely Kerk Kar Han, is a director and shareholder of Kelapa Sawit Tai Hwa 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
For the period ended 30 September 2019

19. Performance review

Financial review for current quarter and financial year to date

	3 months		Changes		9 months		Changes	
	Quarter ended		Amount	%	cumulative to date		Amount	%
	30.09.2019	30.09.2018			30.09.2019	30.09.2018		
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	76,650	74,639	2,011	3	221,741	221,520	221	0
Operating profit	13,784	13,926	(142)	(1)	40,210	40,706	(496)	(1)
Profit before interest and tax	13,784	13,926	(142)	(1)	40,210	40,706	(496)	(1)
Finance cost	(6)	-	(6)	-	(16)	-	(16)	-
Profit before tax	13,778	13,926	(148)	(1)	40,194	40,706	(512)	(1)
Profit after tax	10,088	10,346	(258)	(2)	29,152	30,224	(1,072)	(4)
Profit attributable to: Owners of the Parent	10,088	10,346	(258)	(2)	29,152	30,224	(1,072)	(4)

The Group's revenue for the current quarter ended 30 September 2019 has increased by 3% to RM76,650,000 from RM74,639,000 in the quarter ended 30 September 2018 mainly due to higher export sales which grew by 8% or RM1.7 million. The increase mainly comes from Saudi Arabia and China market. Domestic sales registered an increase of 0.6% or about RM0.3 million mainly from wholesale channel.

The Group registered a profit before tax of RM13,778,000 as compared to a profit before tax of RM13,926,000 in the preceding corresponding quarter, a decrease of about 1% mainly due to poorer margin in certain segment.

The Group's revenue for the nine months ended 30 September 2019 was almost flat at RM221,741,000 as compared to the preceding year corresponding period of RM221,520,000. Domestic sales grew 0.6% or RM0.97 million compared to previous corresponding period mainly from wholesale channel and East Malaysia. On the other hand, export market saw a decline of about 1.3% or RM0.74 million mainly due to decrease in export of biscuits to Indonesia and Thailand.

The profit before tax, on the other hand, has decreased to RM40,194,000 when compared with the preceding year corresponding period of RM40,706,000 a decrease of about 1% mainly as result of poorer margin in certain segment.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad
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20. Comment of material change in profit before tax

Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	30.09.2019 RM'000	30.06.2019 RM'000	Amount RM'000	%
Revenue	76,650	69,691	6,959	10
Operating profit	13,784	12,132	1,652	14
Profit before interest and tax	13,784	12,132	1,652	14
Finance cost	(6)	(5)	(1)	20
Profit before tax	13,778	12,127	1,651	14
Profit after tax	10,088	8,969	1,119	12
Profit attributable to: Owners of the Parent	10,088	8,969	1,119	12

The Group's revenue has increased 10% to RM76,650,000 in the current quarter ended 30 September 2019 as compared to RM69,691,000 in the preceding quarter in the absence of effects of seasonality as experienced in the previous quarter.

Profit before tax has increased by 14% to RM13,778,000 as compared to RM12,127,000 in the preceding quarter as a result of higher biscuits sales in domestic and export market.

21. Commentary of prospects

With the continued uncertainty in the global economy, economic growth is seen slowing into year 2020. Despite this, Malaysia's gross domestic product had accelerated to 4.9% in the second quarter from 4.5% in the first quarter. Malaysia is focused on growing the domestic economy, with private consumption seen as the main engine of growth. Nevertheless, the Group will continue to maintain and improve product quality, innovating products portfolio, reducing costs and broadening the distributor network to safeguard revenue and address the needs of consumers.

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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Part B: Explanatory notes pursuant to Main Market Listing Requirements of
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23. Income tax expense

	3 months		9 months	
	Quarter ended		cumulative to date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current income tax :				
-Malaysia income tax	3,125	3,757	10,485	10,674
-Deferred taxation	565	(177)	557	(192)
	<u>3,690</u>	<u>3,580</u>	<u>11,042</u>	<u>10,482</u>

Major components of tax expenses

	Current	9 months
	Quarter ended	cumulative
	30.09.2019	to date
	RM'000	30.09.2019
	RM'000	RM'000
Current tax expense	3,125	10,485
Deferred tax expense	565	557
	<u>3,690</u>	<u>11,042</u>
Profit before taxation	13,778	40,194
Taxation at the Malaysian statutory tax rate of 24%	3,307	9,646
Adjustments:		
-Underprovision in prior years	149	679
-Non-deductible expenses	248	751
-Expenses with double deduction	(14)	(34)
Income tax expense	<u>3,690</u>	<u>11,042</u>
Effective tax rate	26.8%	27.5%

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 19 November 2019.

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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 2019, 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. Changes in material litigation

There were no material litigation not earlier than seven (7) days from 19 November 2019.

31. Dividend payable

Other than as disclosed in Note 8 above, the Board of Directors recommends the payment of an interim single-tier dividend of 2 sen per ordinary share in respect of the year ending 31 December 2019 for the financial quarter under review. The entitlement date will be announced in due course.

32. 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 cumulative to date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
(a) Basic				
Profit for the period (RM'000)	10,088	10,346	29,152	30,224
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.26	1.29	3.64	3.78
(b) Diluted				
Diluted earnings per share (sen)	1.26	1.29	3.64	3.78

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33. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

34. 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 19 November 2019.