

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the period ended 30 June 2022 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 30 Jun 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2021 RM'000	Current Year To-Date Ended 30 Jun 2022 RM'000	Preceding Year To-Date Ended 30 Jun 2021 RM'000
Revenue		1,197,505	876,226	2,188,032	1,836,347
Profit from operations		66,860	51,259	142,112	99,630
Finance costs		(11,678)	(7,535)	(22,266)	(15,014)
Share of profit of associates		102	175	76	229
Profit before tax	A10	55,284	43,899	119,922	84,845
Tax expense	A11	(10,674)	(7,510)	(22,043)	(14,560)
Profit for the period		44,610	36,389	97,879	70,285
Other comprehensive income, net of tax					
Exchange differences on translation					
foreign operations		5,571	3,460	6,494	12,522
Share of other comprehensive income					
of associates		98	-	110	46
Hedge of net investments in foreign operations		(14,092)	1,262	(11,780)	(9,371)
Total other comprehensive income for the period, net of tax		(8,423)	4,722	(5,176)	3,197
Total comprehensive income for the period		36,187	41,111	92,703	73,482
Profit attributable to:					
Owners of the Company		44,610	36,389	97,879	70,285
Non-controlling interests		-	-	-	-
Profit for the period		44,610	36,389	97,879	70,285
Total comprehensive income attributable to:					
Owners of the Company		36,187	41,111	92,703	73,482
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		36,187	41,111	92,703	73,482
Basic earnings per ordinary share (sen)	A12(a)	4.22	3.51	9.27	6.79
Diluted earnings per ordinary share (sen)	A12(b)	4.08	3.34	8.95	6.44

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 – unaudited

	Note	30 June 2022 RM'000	31 December 2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment		1,053,256	957,460
Intangible assets	A13	86,704	88,361
Investment property		20,105	20,319
Investment in associates		4,738	4,551
Deferred tax assets		1,838	1,737
		1,166,641	1,072,428
Current assets			
Inventories		1,476,604	1,875,457
Trade and other receivables		438,046	431,643
Derivative financial assets	A14	42,554	33,464
Tax recoverable		10,634	8,671
Deposits, bank and cash balances		54,785	73,809
		2,022,623	2,423,044
Total assets		3,189,264	3,495,472
Equity			
Share capital		329,642	297,059
Treasury shares		(720)	(720)
Foreign currency translation reserve		58,937	52,333
Hedging reserve		(18,618)	(6,838)
Retained profits		1,061,345	1,000,513
Total equity		1,430,586	1,342,347
Non-current liabilities			
Loans and borrowings	A15	377,745	391,826
Provision for employee benefit		3,393	3,216
Deferred tax liabilities		75,323	75,095
Lease liabilities		53,053	46,106
		509,514	516,243
Current liabilities			
Trade and other payables		378,599	683,186
Derivative financial liabilities	A14	56,639	27,277
Loans and borrowings	A15	792,000	900,463
Tax payable		12,351	13,026
Lease liabilities		9,575	12,930
		1,249,164	1,636,882
Total liabilities		1,758,678	2,153,125
Total equity and liabilities		3,189,264	3,495,472
Net assets per share (sen)			
attributable to owners of the Company		135.45	128.85

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022 – unaudited

	← Non-distributable →				Distributable	
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance as at 1 January 2022	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347
Profit for the period	-	-	-	-	97,879	97,879
Other comprehensive income for the period:						
foreign currency translation differences	-	-	6,494	-	-	6,494
share of other comprehensive loss of associates	-	-	110	-	-	110
hedge of net investments in foreign operations	-	-	-	(11,780)	-	(11,780)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	6,604	(11,780)	97,879	92,703
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	32,583	-	-	-	-	32,583
Dividends	-	-	-	-	(37,047)	(37,047)
Total transactions with owners	32,583	-	-	-	(37,047)	(4,464)
Balance at 30 June 2022	329,642	(720)	58,937	(18,618)	1,061,345	1,430,586
Balance as at 1 January 2021	263,236	(720)	47,099	2,429	876,866	1,188,910
Profit for the year	-	-	-	-	154,838	154,838
Other comprehensive loss for the year:						
foreign currency translation differences	-	-	5,313	-	-	5,313
hedge of net investments in foreign operations	-	-	-	(9,267)	-	(9,267)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	121	121
share of other comprehensive loss of associates	-	-	(79)	-	-	(79)
Total comprehensive income for the year	-	-	5,234	(9,267)	154,959	150,926
Transactions with owners						
Disposal of treasury shares	-	-	-	-	-	-
Issuance of new shares	33,823	-	-	-	-	33,823
Dividends	-	-	-	-	(31,312)	(31,312)
Total transactions with owners	33,823	-	-	-	(31,312)	2,511
Balance at 31 December 2021	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2022 – unaudited

		Six Months Ended	
		30-Jun-22	30-Jun-21
		RM'000	RM'000
Cash flows from operating activities			
	Profit before tax	119,922	84,845
	Adjustments for:		
	Non-cash and non-operating items	56,931	9,420
	Operating profit before working capital changes	176,853	94,265
	Changes in working capital		
	Net change in current assets	521,779	25,037
	Net change in current liabilities	(400,687)	(49,107)
	Cash generated from operations	297,945	70,195
	Tax paid	(18,278)	(32,258)
	Tax refund	120	-
	Interest paid	(21,678)	(14,334)
	Interest received	128	209
	Net cash from operating activities	258,237	23,812
Cash flows used in investing activities			
	Purchase of property, plant and equipment	(121,046)	(85,623)
	Proceeds from disposal of property, plant and equipment	547	2,109
	Net cash used in investing activities	(120,499)	(83,514)
Cash flows from financing activities			
	Bank and other borrowings	(144,511)	90,172
	Conversion of warrants to ordinary shares	32,583	7,387
	Changes in Fixed deposit pledged	5,884	5,404
	Dividend paid	(31,695)	(25,892)
	Repayment of lease liabilities	(2,559)	(1,229)
	Net cash (used in) / from financing activities	(140,298)	75,842
	Net (decrease) / increase in cash and cash equivalents	(2,560)	16,140
	Effect of exchange rate changes	(11,456)	(1,545)
	Cash and cash equivalents at the beginning of financial period	52,892	58,338
	Cash and cash equivalents at the end of financial period	38,876	72,933
Cash and cash equivalents at the end of financial period comprise of :			
	Deposits, bank and cash balances	54,785	87,880
	Less : Non-cash and cash equivalents		
	Fixed deposit pledged to bank as collateral	(15,909)	(14,947)
		38,876	72,933

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022**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 MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Guan Chong Berhad (“GCB” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2021. These explanatory notes attached to the 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 2021.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2021 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the financial year ended 31 December 2021, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2022. The adoptions of these standards, amendments and IC interpretations have no material impact on this Condensed Report.

A3. Seasonal or cyclical factors

The cocoa processing industry is, to a certain extent, subject to the seasonal pattern of the consumption of cocoa-based products within a year.

A4. Unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence.

A5. Material changes in estimates

There were no material changes in estimates of amounts reported that will have a material effect during the current quarter under review.

A6. Issuances and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

A7. Dividends paid

Final single-tier dividend of 2.0 sen per ordinary share amounting to RM21,150,709.64 in respect of the financial year ending 31 December 2021 was declared on 27 April 2022 and subsequently paid on 10 June 2022. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 18 May 2022.

First interim single-tier dividend of 1.5 sen per ordinary share amounting to RM15,896,860.30 in respect of the financial year ending 31 December 2022 was declared on 30 May 2022 and subsequently paid on 12 July 2022. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 17 June 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022
A8. Segmental information

The Group presenting segmental information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Six Months Ended 30 June 2022	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Germany RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:							
Total external revenue	622,258	882,202	142,991	500,725	39,856	-	2,188,032
Internal segment revenue	1,042,832	1,232,443	638,786	175	72,937	(2,987,173)	-
Total revenue	1,665,090	2,114,645	781,777	500,900	112,793	(2,987,173)	2,188,032
Segment result	100,247	47,933	17,504	7,977	35,220	(33,884)	174,997
Interest income							128
Finance cost							(22,266)
Depreciation & amortisation							(32,937)
Profit before tax							119,922
Tax expenses							(22,043)
Profit for the period							97,879
Segment assets	1,300,570	245,543	792,496	347,100	491,083	-	3,176,792
Deferred tax assets							1,838
Tax recoverable							10,634
Total assets							3,189,264
Segment liabilities	49,005	166,620	31,971	118,625	72,410	-	438,631
Deferred tax liabilities							75,323
Tax payables							12,351
Borrowings							1,169,745
Lease liabilities							62,628
Total liabilities							1,758,678

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A8. Segmental information – (cont'd)

Six Months Ended 30 June 2021	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Germany RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:							
Total external revenue	568,906	690,740	120,153	430,390	26,158	-	1,836,347
Internal segment revenue	942,305	1,360,620	504,842	-	15,184	(2,822,951)	-
Total revenue	1,511,211	2,051,360	624,995	430,390	41,342	(2,822,951)	1,836,347
Segment result	68,436	28,901	18,833	10,528	12,041	(9,176)	129,563
Interest income							209
Finance cost							(15,014)
Depreciation & amortisation							(29,913)
Profit before tax							84,845
Tax expenses							(14,560)
Profit for the period							70,285
Segment assets	1,318,851	207,671	680,314	416,802	338,921	-	2,962,559
Tax recoverable							4,353
Total assets							2,966,912
Segment liabilities	45,417	157,175	25,022	89,149	41,522	-	358,285
Deferred tax liabilities							72,757
Tax payables							8,632
Borrowings							1,222,096
Lease Liabilities							56,131
Total liabilities							1,717,901

A9. Changes in the composition of the Group

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022**A10. Profit before tax**

Included in the profit before tax are the following items:

	Current Quarter Ended 30-Jun-22 RM'000	Current Year To-Date 30-Jun-22 RM'000
Amortisation of leases	2,795	6,280
Amortisation of intangible assets	173	376
Depreciation	13,887	26,281
Realised gain on foreign exchange	(3,007)	(7,265)
Unrealised gain on foreign exchange	(3,919)	(6,284)
Realised loss on forward currency contracts	280	475
Unrealised gain on forward currency contracts	(4,291)	(1,033)
Realised gain on commodity future contracts	(29,815)	(52,358)
Unrealised loss on commodity future contracts	16,721	8,744
Unrealised loss on commodity option contracts	5,604	5,140
Interest expense	11,375	21,678
Interest income	(106)	(128)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Income tax expense:				
- Current period estimate	10,610	7,873	21,913	14,674
- Under provision in prior year	21	18	22	26
Deferred tax				
- Originated of temporary differences	43	(381)	108	(140)
	10,674	7,510	22,043	14,560

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A12. Earnings per share

- (a) Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Profit for the financial period attributable to owners of the Company (RM'000)	44,610	36,389	97,879	70,285
Weighted average number of ordinary shares in issue ('000)	1,056,197	1,035,289	1,056,197	1,035,289
Basic earnings per share (sen)	4.22	3.51	9.27	6.79

- (b) For the purpose of calculating diluted EPS, profit for the period and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares convert under warrants issued as shown below:

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22
Profit for the financial period attributable to owners of the Company (RM'000)	44,610	36,389	97,879	70,285
Weighted average number of ordinary shares in issue ('000)	1,056,197	1,035,289	1,056,197	1,035,289
Effect of dilution of warrants	37,444	55,776	37,444	55,776
Adjusted weighted average number of ordinary shares in issue and issuales	1,093,641	1,091,065	1,093,641	1,091,065
Diluted earnings per share (sen)	4.08	3.34	8.95	6.44

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A13. Intangible assets

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 January 2021	66,982	11,287	15,697	93,966
Additions	-	-	-	-
Translation differences	(1,819)	(646)	(614)	(3,079)
At 31 December 2021 and 1 January 2022	65,163	10,641	15,083	90,887
Translation differences	(252)	(212)	(791)	(1,255)
At 30 June 2022	64,911	10,429	14,292	89,632
Accumulated amortisation and impairment				
At 1 January 2021	-	(4)	(796)	(800)
Amortisation	-	(1)	(789)	(790)
Impairment	(1,002)	-	-	(1,002)
Translation differences	-	-	66	66
At 31 December 2021 and 1 January 2022	(1,002)	(5)	(1,519)	(2,526)
Amortisation	-	-	(376)	(376)
Translation differences	-	-	(26)	(26)
At 30 June 2022	(1,002)	(5)	(1,921)	(2,928)
Net carrying amount:				
At 31 December 2021	64,161	10,636	13,564	88,361
At 30 June 2022	63,909	10,424	12,371	86,704

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A14. Fair value information

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs are unobservable inputs for the asset or liability.

As at reporting date, the Group held the following financial assets or liabilities that are measured at fair value:

	Fair value of financial instruments carried at fair value			
	Level 1 RM000	Level 2 RM000	Level 3 RM000	Total RM000
30 June 2022				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	3,689	-	3,689
- commodity futures contract		14,424	-	14,424
- commodity option contracts		24,441	-	24,441
	-	42,554	-	42,554
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	1,211	-	1,211
- cross currency swap contracts	-	18,489	-	18,489
- commodity futures contract	-	13,927	-	13,927
- commodity option contracts	-	23,012	-	23,012
	-	56,639	-	56,639
31 December 2021				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	5,288	-	5,288
- commodity futures contract	-	27,868	-	27,868
- commodity option contracts	-	308	-	308
	-	33,464	-	33,464
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	3,854	-	3,854
- cross currency swap contracts	-	10,605	-	10,605
- commodity futures contracts	-	11,816	-	11,816
- commodity option contracts	-	1,002	-	1,002
	-	27,277	-	27,277

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A15. Loans and borrowings

The Group's borrowings at the end of the current quarter are as follows:

	Denominated in currency	30-Jun-22 RM'000	31-Dec-21 RM'000
Current			
- Term loans	USD	11,875	11,071
	EUR	15,292	15,645
	RM	411	411
- Trade loans	USD	429,205	339,767
	GBP	132,801	418,763
- Revolving credit	USD	198,039	107,511
	EUR	4,377	7,295
		792,000	900,463
Non-Current			
- Term loans	USD	17,254	21,935
	EUR	59,327	68,521
	RM	1,164	1,370
- Sukuk	RM	300,000	300,000
		377,745	391,826
		1,169,745	1,292,289

A16. Contingent liabilities

	Group and company	
	30-Jun-22 RM'000	31-Dec-21 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,266,919	2,156,421
- amount utilised	(878,698)	(997,964)

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

A17. Capital Commitments

At the end of the current quarter, capital expenditure of the Group contracted but not provided for are as follows :-

	RM'000
Authorised and contracted for :	
Property, plant and equipment	<u>139,985</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

A18. Material events subsequent to the end of the current quarter

There were no material events subsequent to the current quarter ended 30 June 2022 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022**B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A****B1. Review of performance**

The Group's revenue of RM1,197.5 million for the current quarter ended 30 June 2022 is higher than the revenue in the previous corresponding quarter ended 30 June 2021 of RM876.2 million. The increase of 36.67% in turnover is mainly due to increase in sales volume of cocoa butter as the previously delayed shipments are being shipped out in this quarter. In addition, improved selling price for cocoa solids also contribute to the higher revenue this quarter.

B2. Comment on material change in profit before tax

The Group made a profit before tax for the quarter 30 June 2022 of RM55.3 million as compared with the profit before tax of RM43.9 million in the preceding year corresponding quarter ended 30 June 2021. This is mainly due to higher revenue achieved during current quarter ended 30 June 2022.

B3. Commentary of prospects

High energy cost is currently hitting most of the worldwide economy especially in certain Western countries. Besides that, high inflation and high interest rate may slow down the economy as well as overall chocolate demand. The latest signs of recession may add more bearish effect to chocolate demand. However, chocolate is always considered as recession-proof affordable luxurious consumer products.

Hence, we are adopting a cautious outlook on the future prospect and are more cautious on our investment and future plan. The Group will place focus on expanding the market of high margin industrial chocolate and the optimization of production according to the market conditions.

B4. Profit forecast or profit guarantee

There were no profits forecast or profit guarantee issued by the Group.

B5. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 30 June 2022 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gains/ (Losses) RM'000	Purpose
1	Forward Foreign Exchange Contracts: Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	231,318 163,036	2,783 906	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year - 1 year to 3 years Purchase Contracts - Less than 1 year - 1 year to 3 years	235,133 12,408 279,898 72,835	14,390 78 (10,863) (536)	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	403,842 505,195	24,860 (26,002)	For hedging price risk

The fair values of the above derivatives are determined by using the market rates at the end of reporting period and changes in the fair values are recognised in the profit and loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

There have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2022**B7. Material litigation**

There was no material litigation against the Group as at the date of these interim financial statements.

B8. Dividend declared or recommended

On 16 August 2022, the board proposed the second single-tier dividend of 2.0 sen per ordinary share in respect of financial year ending 31 December 2022 to shareholders registered in the Record of Depositors at close of business on 15 September 2022 and subsequently will be paid on 11 October 2022.

B9. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

Tay Hoe Lian
Managing Director
Dated: 16.08.2022