

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		1,607,676	1,544,043	6,040,664	6,054,756
Other income		19,024	8,003	59,800	34,861
Operating expenses		(1,529,439)	(1,467,814)	(5,817,841)	(5,664,611)
Profit from operations		97,261	84,232	282,623	425,006
Finance costs		(29,198)	(34,194)	(125,871)	(136,640)
Share of profits of associates		256	131	375	384
Profit before tax	B5	68,319	50,169	157,127	288,750
Tax expense	B6	(11,443)	(16,363)	(39,603)	(75,763)
Net profit for the financial period		56,876	33,806	117,524	212,987
Other comprehensive (loss)/income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		(7,439)	(10,768)	(23,536)	9,000
Item that will not be subsequently reclassified to profit or loss:					
Remeasurement of post-employment benefit obligation		(2,843)	9,371	(2,843)	9,371
Income tax relating to remeasurement of post-employment benefit obligation		575	(2,058)	575	(2,058)
		(2,268)	7,313	(2,268)	7,313
Other comprehensive (loss)/income for the financial period		(9,707)	(3,455)	(25,804)	16,313
Total comprehensive income for the financial period		47,169	30,351	91,720	229,300

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Quarter ended		Period ended		
Note	31/12/2020	31/12/2019	31/12/2020	31/12/2019	
	RM'000	RM'000	RM'000	RM'000	
Profit for the period attributable to:					
Owners of the Company	52,556	29,529	113,146	150,579	
Non-Controlling Interests	4,320	4,277	4,378	62,408	
	<u>56,876</u>	<u>33,806</u>	<u>117,524</u>	<u>212,987</u>	
Total comprehensive income attributable to:					
Owners of the Company	37,919	26,263	92,213	147,920	
Non-Controlling Interests	9,250	4,088	(493)	81,380	
	<u>47,169</u>	<u>30,351</u>	<u>91,720</u>	<u>229,300</u>	
Earning per share (sen)					
Basic	B13	1.44	0.81	3.10	4.23
Diluted	B13	1.44	0.81	3.10	4.23

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2,656,481	2,396,471
Investment properties	21,797	22,050
Right-of-use assets	373,863	307,424
Intangible assets	95,330	97,470
Investment in associates	1,581	1,567
Trade receivables	1,118	1,693
Amount owing by Associates	16,196	15,368
Deferred tax assets	62,047	62,265
Total Non-Current Assets	3,228,413	2,904,308
<b>Current Assets</b>		
Biological assets	364,634	378,392
Inventories	721,869	679,600
Trade receivables	489,582	499,298
Other receivables and prepaid expenses	110,911	169,030
Amount owing by fellow subsidiaries	-	796
Tax recoverable	21,625	12,885
Cash and bank balances	757,769	764,829
Total Current Assets	2,466,390	2,504,830
<b>TOTAL ASSETS</b>	<b>5,694,803</b>	<b>5,409,138</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,499,684	1,499,684
Merger reserve	(662,466)	(658,787)
Reserve	876,224	800,312
Equity attributable to owners of the Company	1,713,442	1,641,209
Non-controlling interests	535,122	539,314
<b>TOTAL EQUITY</b>	<b>2,248,564</b>	<b>2,180,523</b>

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 31/12/2020	Audited As at 31/12/2019
	Note	RM'000	RM'000
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		92,076	107,519
Bank borrowings	B9	874,478	873,087
Lease liabilities		137,168	104,565
Deferred Income		1,907	2,544
Derivative financial liabilities	B10	467	611
Provision for Asset Retirement Obligation		2,575	-
Post-employment benefits obligation		45,689	36,865
Total Non-Current Liabilities		1,154,360	1,125,191
<b>Current Liabilities</b>			
Trade payables		229,394	273,097
Other payables and accrued expenses		260,252	287,092
Amount owing to fellow subsidiaries		-	862
Bank borrowings	B9	1,764,834	1,508,733
Lease liabilities		19,002	13,959
Derivative financial liabilities	B10	1,983	1,332
Provision for Asset Retirement Obligation		148	-
Dividend Payable		37	-
Deferred Income		451	-
Tax payable		15,778	18,349
Total Current Liabilities		2,291,879	2,103,424
<b>TOTAL LIABILITIES</b>		3,446,239	3,228,615
<b>TOTAL EQUITY AND LIABILITIES</b>		5,694,803	5,409,138
<b>Net assets per share attributable to ordinary equity holders (RM)</b>		0.4694	0.4496

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 December 2019 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2020	1,499,684	(658,787)	(2,754)	6,486	796,580	1,641,209	539,314	2,180,523
Comprehensive income:								
Net profit for the financial year	-	-	-	-	113,146	113,146	4,378	117,524
Other comprehensive income:								
Remeasurement of post-employment benefit obligation	-	-	-	-	(3,236)	(3,236)	968	(2,268)
Currency translation differences	-	-	(17,697)	-	-	(17,697)	(5,839)	(23,536)
Total other comprehensive income	-	-	(17,697)	-	(3,236)	(20,933)	(4,871)	(25,804)
Total comprehensive Income	-	-	(17,697)	-	109,910	92,213	(493)	91,720
Transactions with owners:								
Share option expense	-	-	-	3,774	-	3,774	-	3,774
Share options lapsed	-	-	-	(121)	121	-	-	-
Dividend	-	-	-	-	(20,075)	(20,075)	(3,708)	(23,783)
Acquisition of subsidiary	-	(3,679)	-	-	-	(3,679)	9	(3,670)
	-	(3,679)	-	3,653	(19,954)	(19,980)	(3,699)	(23,679)
Balance as at 31/12/2020	1,499,684	(662,466)	(20,451)	10,139	886,536	1,713,442	535,122	2,248,564

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(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2019	1,230,132	(658,787)	7,186	-	723,310	1,301,841	463,587	1,765,428
Comprehensive income:								
Net profit for the financial period	-	-	-	-	150,579	150,579	62,408	212,987
Other comprehensive income:								
Remeasurement of post-employment benefit obligation	-	-	-	-	7,281	7,281	32	7,313
Currency translation differences	-	-	(9,940)	-	-	(9,940)	18,940	9,000
Total other comprehensive income	-	-	(9,940)	-	7,281	(2,659)	18,972	16,313
Total comprehensive income	-	-	(9,940)	-	157,860	147,920	81,380	229,300
Transactions with owners:								
Dividends paid	-	-	-	-	(58,400)	(58,400)	(26,078)	(84,478)
Issuance of shares	275,000	-	-	-	-	275,000	-	275,000
Share issue cost	(5,448)	-	-	-	-	(5,448)	-	(5,448)
ESOS expenses	-	-	-	6,503	-	6,503	-	6,503
Share options lapsed	-	-	-	(17)	17	-	-	-
Changes in equity interest in subsidiaries	-	-	-	-	(26,207)	(26,207)	20,425	(5,782)
	269,552	-	-	6,486	(84,590)	191,448	(5,653)	185,795
Balance as at 31/12/2019	1,499,684	(658,787)	(2,754)	6,486	796,580	1,641,209	539,314	2,180,523

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 December 2019 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Year ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	157,127	288,750
Adjustments for: non-cash items	394,658	386,007
Operating profit before working capital changes	551,785	674,757
<u>Net Movement In:</u>		
Inventories	(53,869)	(99,714)
Biological assets	11,911	(26,492)
Receivables	51,163	141,167
Payables	(76,312)	37,901
Net cash from operations	484,678	727,619
Tax paid	(55,272)	(57,025)
Net cash generated from operating activities	429,406	670,594
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Receipt of amount owing by ultimate holding company	-	21,435
Advance to an associate	-	(15,368)
Proceeds from disposal of property, plant and equipment	6,512	3,880
Proceeds from disposal of land use rights	13	-
Interest income received	16,157	12,866
Dividend income from associates	360	540
Addition of property, plant and equipment	(483,843)	(387,162)
Addition of Right-of-use assets	(47,078)	(17,515)
Acquisition of subsidiaries	(14,917)	(1,338)
Disposal of subsidiaries	-	2,187
Decrease/(Increase) in fixed deposit pledged	20,711	(23,394)
Net cash used in investing activities	(502,085)	(403,869)

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Year ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
<u>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</u>		
Finance costs paid	(126,280)	(136,362)
Proceeds from term loans	157,560	172,649
Repayments of term loans	(342,205)	(291,137)
Net drawdown of short term borrowings	345,780	111,255
Repayment of hire purchase liabilities	(20,390)	(24,144)
Repayment of lease liabilities	(19,092)	(11,480)
Issuance of Sukuk Bond	100,000	-
Acquisition of non-controlling interests	-	(7,969)
Proceeds from issuance of shares	-	269,552
Proceeds from issuance of shares by subsidiary to non controlling interest	9	-
Dividend paid	(23,783)	(84,478)
Net cash generated from/(used in) financing activities	71,599	(2,114)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,080)	264,611
Effect of exchange translation differences	(7,325)	(765)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	654,232	390,386
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	645,827	654,232

Cash and cash equivalents comprise the following:

Cash and bank balances	757,769	764,829
Bank overdrafts	(94,921)	(72,802)
	662,848	692,027
Less: restricted deposits with licensed banks	(17,021)	(37,795)
	645,827	654,232

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 December 2019 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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## A. SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

### A1. BASIS OF PREPARATION

The interim financial report of Leong Hup International Berhad (“LHI” or the “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standards Board (“IASB”), paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2019. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

### A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2019, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”
- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 7, MFRS 9 and MFRS 139 “Disclosures – Interest Rate Benchmark Reform
- Extension of Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)

The adoption of the above standards and amendments does not have any material financial impact on the financial statements of the Group.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Standards and Amendments in issue but not yet effective**

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as follow:

<b>Standards</b>	<b>Effective for annual period beginning on or after</b>
Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform—Phase 2)	1 January 2021
Amendment to MFRS 1, MFRS 9, MFRS 141 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contract – Cost of fulfilling a contract)	1 January 2022
Amendment to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 (Property, Plant and Equipment—Proceeds before Intended Use)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current”	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed an unqualified opinion on the audited Group’s statutory financial statements for the financial year ended 31 December 2019 in their report dated 19 May 2020.

## LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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### A4. SEASONAL AND CYCLICAL FACTORS

The Group's Feedmill business is not subject to seasonal factors, whilst the Group's Livestock business is subject to certain seasonal factors, such as weather, festive seasons and school holidays.

- *Weather* : whilst poultry grown in closed-houses are not affected by variations in the weather, poultry grown in open-houses are. When weather is hotter, poultry tends to grow at a slower rate, thus reducing the supply to the market and increasing prices.
- *Festive seasons* : typically, poultry consumption is higher during the festive seasons such as Ramadan and Christmas, while poultry consumption is the lowest during the period immediately following the month of Ramadan and Hari Raya .
- *School holidays* : during school holidays we typically see an increase in sales in each of the jurisdictions where the Group operates, other than Singapore, where sales are slightly lower.

### A5. UNUSUAL ITEMS

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

### A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of current quarter and financial period under review.

### A7. DEBT AND EQUITY SECURITIES

On 23 November 2020, Leong Hup Capital Sdn Bhd (formerly known as Bridgespace Sdn Bhd), an indirect subsidiary of the Company, lodged an unrated Islamic medium term notes programme of up to RM1 billion in nominal value under the Shariah principle of Mudharabah ("Sukuk Mudharabah") with the Securities Commission Malaysia.

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter under review

### A8. DIVIDEND PAID

A single tier dividend of 0.55 sen per ordinary share amounting to RM20.075 million in respect of the financial year ended 31 December 2020 was paid on 30 September 2020.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## A9. SEGMENTAL INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management Team as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided, as well as geographical segment.

### Products and services

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
<b>Quarter ended 31/12/2020</b>				
Revenue from sales of goods:				
- external customers	899,549	704,888	-	1,604,437
- inter-segment	-	334,514	(334,514)	-
Revenue from sales of goods	899,549	1,039,402	(334,514)	1,604,437
Revenue from other sources				3,239
Total revenue				<u>1,607,676</u>
EBITDA	88,063	93,209	(13,040)	168,232
Depreciation and amortisation	(53,184)	(16,118)	(1,669)	(70,971)
	34,879	77,091	(14,709)	97,261
Share of profits of associates				256
Finance costs				(29,198)
Profit before taxation				68,319
Tax expense				(11,443)
Profit for the financial period				<u>56,876</u>

LEONG HUP INTERNATIONAL BERHAD  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

A9. SEGMENTAL INFORMATION (CONTINUED)

**Products and services (Continued)**

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
<b>Quarter ended 31/12/2019</b>				
Revenue from sales of goods:				
- external customers	874,529	665,994	-	1,540,523
- inter-segment	-	305,888	(305,888)	-
Revenue from sales of goods	874,529	971,882	(305,888)	1,540,523
Revenue from other sources	-	-	-	3,520
Total revenue				<u>1,544,043</u>
EBITDA	61,020	97,020	(11,706)	146,334
Depreciation and amortisation	(46,402)	(14,885)	(815)	(62,102)
	14,618	82,135	(12,521)	84,232
Share of profits of associates				131
Finance costs				(34,194)
Profit before taxation				<u>50,169</u>
Tax expense				(16,363)
Profit for the financial period				<u>33,806</u>

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

**A9. SEGMENTAL INFORMATION (CONTINUED)****Products and services (Continued)**

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
<b>Year ended 31/12/2020</b>				
Revenue from sales of goods:				
- external customers	3,354,542	2,672,778	-	6,027,320
- inter-segment	-	1,311,356	(1,311,356)	-
Revenue from sales of goods	3,354,542	3,984,134	(1,311,356)	6,027,320
Revenue from other sources				13,344
Total revenue				6,040,664
EBITDA	145,139	429,501	(32,659)	541,981
Depreciation and amortisation	(199,218)	(57,584)	(2,556)	(259,358)
	(54,079)	371,917	(35,215)	282,623
Share of profits of associates				375
Finance costs				(125,871)
Profit before taxation				157,127
Tax expense				(39,603)
Profit for the financial year				117,524

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## A9. SEGMENTAL INFORMATION (CONTINUED)

### Products and services (Continued)

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
<b>Year ended 31/12/2019</b>				
Revenue from sales of goods:				
- external customers	3,396,042	2,646,689	-	6,042,731
- inter-segment	-	1,391,294	(1,391,294)	-
Revenue from sales of goods	3,396,042	4,037,983	(1,391,294)	6,042,731
Revenue from other sources	-	-	-	12,025
Total revenue				6,054,756
EBITDA	267,427	403,240	(20,145)	650,522
Depreciation and amortisation	(167,170)	(54,832)	(3,514)	(225,516)
	100,257	348,408	(23,659)	425,006
Share of profits of associates				384
Finance costs				(136,640)
Profit before taxation				288,750
Tax expense				(75,763)
Profit for the financial year				212,987

### Geographical segment

	Revenue		EBITDA	
	Quarter ended		Quarter ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Malaysia	413,418	411,318	42,773	54,090
Singapore	185,956	202,458	33,675	16,405
Vietnam	409,632	374,402	30,678	41,875
Indonesia	567,828	529,794	56,062	29,625
Philippines	30,842	26,071	5,083	4,339
Myanmar	-	-	(39)	-
	1,607,676	1,544,043	168,232	146,334

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## A9. SEGMENTAL INFORMATION (CONTINUED)

### Geographical segment (Continued)

	Revenue		EBITDA	
	Year ended		Year ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,616,955	1,647,982	160,170	227,548
Singapore	736,353	790,959	108,189	95,778
Vietnam	1,563,657	1,347,245	139,525	130,265
Indonesia	2,019,833	2,192,280	136,272	185,481
Philippines	103,866	76,290	(2,136)	11,450
Myanmar	-	-	(39)	-
	<u>6,040,664</u>	<u>6,054,756</u>	<u>541,981</u>	<u>650,522</u>
	Total non-current assets		Total borrowing	
	as at		as at	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,489,724	1,349,065	1,041,391	906,209
Singapore	389,533	407,679	463,035	491,183
Vietnam	440,413	341,735	481,617	368,812
Indonesia	658,043	639,208	607,156	599,531
Philippines	171,339	87,295	46,113	16,085
Myanmar	-	-	-	-
	<u>3,149,052</u>	<u>2,824,982</u>	<u>2,639,312</u>	<u>2,381,820</u>

Non-current assets are determined according to the country where the head office is located. The amounts of non-current assets do not include financial instruments, deferred tax and tax recoverable.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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## A10. PROPERTY, PLANT AND EQUIPMENT

### (i) Acquisition and disposal

During the year ended 31 December 2020, the Group acquired property, plant and equipment amounting to RM498.62 million (year ended 31 December 2019: RM400.18 million).

During the year ended 31 December 2020, the Group disposed property, plant and equipment amounting to RM2.64 million (year ended 31 December 2019: RM2.28 million).

### (ii) Revaluation

There were no revaluation of property, plant and equipment for the year ended 31 December 2020 (year ended 31 December 2019: RM Nil).

## A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and liabilities as at the end of the current financial quarter and up to the date of this report.

## A12. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	As at 31/12/2020 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	50,148
- approved by Directors but not contracted	96,868
	<hr/>
	147,016
	<hr/>

## A13. CHANGES IN THE COMPOSITION OF THE GROUP

On 15 October 2020, Leong Hup Agrobusiness Sdn Bhd, a wholly owned subsidiary of Leong Hup (Malaysia) Sdn Bhd ("LHM"), had acquired one (1) ordinary share in Leong Hup Capital Sdn Bhd ("LHC"), representing the entire issued share capital of LHC, for a cash consideration of RM1 from LHM.

Save as disclosed above, there were no other changes in the composition of the Group in current financial quarter.

## A14. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial quarter and up to the date of this report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions described below were carried out on terms and conditions negotiated amongst the parties. The significant related party transactions are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company:				
Consideration for acquisition of subsidiary	-	-	(17,938)	-
Associated companies:				
Interest income	1,013	-	1,013	-
Fellow subsidiaries:				
Sales of goods	500	690	2,836	2,474
Purchases of goods	255	(409)	(2,967)	(415)
Companies controlled by Lau family*:				
Sales of goods	133,788	112,003	540,052	491,587
Management fee received/receivable	804	605	2,958	1,868
Purchases of goods	(55,828)	(57,189)	(188,290)	(218,065)
Transportation charges paid/payable	(4,115)	(3,810)	(14,747)	(14,262)
Purchases of sundries paid/payable	(1,793)	(308)	(3,180)	(2,379)
Rental paid/payables	(2,654)	-	(4,159)	-
Deposits paid for acquisition of land	-	(630)	-	(630)
Purchase of property, plant and equipment	(62)	-	(6,252)	-
Purchase of business assets	-	-	(2,393)	-
Companies controlled by Nam family^:				
Transportation charges paid/payable	(2,320)	(2,624)	(8,462)	(9,302)

\* Lau family refers to family members who, collectively control Emerging Glory Sdn Bhd, the ultimate holding company, and the Company. The following Lau family members are Directors of the Company: Lau Chia Nguang, Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat collectively.

^ Nam family refers to family members who have significant financial interest in an indirect subsidiary of LHI, Teo Seng Capital Berhad, a company listed on Main Market of Bursa Securities. Nam Hiok Joo from the Nam family is a Director of Teo Seng Capital Berhad.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES MAIN LISTING REQUIREMENTS (APPENDIX 9B)

### B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended		Changes %	Period ended		Changes %
	31/12/2020 RM'000	31/12/2019 RM'000		31/12/2020 RM'000	31/12/2019 RM'000	
<b>Revenue:</b>						
<b>Livestock and poultry related products</b>						
	899,549	874,529	2.9%	3,354,542	3,396,042	-1.2%
Feedmill	704,888	665,994	5.8%	2,672,778	2,646,689	1.0%
Others	3,239	3,520	-8.0%	13,344	12,025	11.0%
	<u>1,607,676</u>	<u>1,544,043</u>	4.1%	<u>6,040,664</u>	<u>6,054,756</u>	-0.2%
<b>EBITDA:</b>						
<b>Livestock and poultry related products</b>						
	88,063	61,020	44.3%	145,139	267,427	-45.7%
Feedmill	93,209	97,020	-3.9%	429,501	403,240	6.5%
Others	(13,040)	(11,706)	-11.4%	(32,659)	(20,145)	-62.1%
	<u>168,232</u>	<u>146,334</u>	15.0%	<u>541,981</u>	<u>650,522</u>	-16.7%

#### Livestock and poultry related products

##### a) Individual Quarter

The Group's revenue from sales of livestock and poultry related products increased by 2.9% from RM874.53 million in the financial quarter ended ("FQE") 31 December 2019 to RM899.55 million in the FQE 31 December 2020. The increase was primarily due to an increase in average selling price and sales volume of day-old-chicks ("DOC") in Indonesia and eggs in Vietnam.

The EBITDA from livestock and other poultry related products increased by 44.3%. The increase was primarily due to better margins arising from higher average selling prices of DOC in Indonesia.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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## B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (CONTINUED)

### Livestock and poultry related products (Continued)

#### b) Cumulative Quarter

The Group's revenue from sales of livestock and poultry related products decreased by about 1.2% from RM3,396.04 million in the financial year ended ("FYE") 31 December 2019 to RM3,354.54million in the FYE 31 December 2020.

This was due to lower revenue from Malaysia, Indonesia and Singapore. The decrease in revenue from Malaysia was primarily a result of unfavourable average selling price and lower sales volume of eggs. Revenue from Indonesia decrease mainly due to depressed average selling price of DOC. Revenue from Singapore was affected mainly due to lower sales volume of fresh chickens and processed food.

However, the decrease in revenue from Malaysia, Indonesia and Singapore was partially offset by an increase in revenue from Vietnam and Philippines. The increase in revenue from Vietnam was contributed by higher sales volume and average selling price of eggs. In Philippines, higher revenue was recorded due to higher sales volume of broiler chickens and dressed chickens.

The EBITDA from livestock and other poultry related products decreased by 45.7%, primarily due to lower margin arising from depressed average selling prices in most of the countries as compared to the preceding year.

### Feedmill

#### a) Individual Quarter

The Group's revenue from feedmill increased by 5.8% from RM665.99 million in the FQE 31 December 2019 to RM704.89 million in the FQE 31 December 2020. The increase was primarily due to an increase in sales volume of livestock feed in Indonesia and Vietnam for the FQE 31 December 2020, as compared to FQE 31 December 2019.

Notwithstanding the increase in total revenue of livestock feed, EBITDA decreased by 3.9%, primarily due to normalisation of margins in Indonesia and Vietnam.

#### b) Cumulative Quarter

The Group's revenue from feedmill increased by 1.0% from RM2,646.69 million in the FYE 31 December 2019 to RM2,672.78 million in the FYE 31 December 2020. The increase was primarily due to an increase in sales volume and average selling price of livestock feed in Vietnam for the FYE 31 December 2020, as compared to the FYE 31 December 2019.

The EBITDA from feedmill increased by 6.5%, primarily due to higher sales contribution from Vietnam.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	31/12/2020 RM'000	30/09/2020 RM'000	
Revenue	1,607,676	1,573,420	2.2%
Profit from operations	97,261	61,705	57.6%
Profit before taxation	68,319	30,803	121.8%

The Group's revenue increased by 2.2% from RM1,573.42 million to RM1,607.68 million in comparison with the immediate preceding quarter. This was attributed to an increase in average selling prices of broiler chickens and DOC in Indonesia and broiler chickens in Vietnam. The impact of increase in Indonesia and Vietnam revenue was attenuated by a drop in revenue from Malaysia mainly due to decrease in average selling prices of eggs, broiler chickens and DOC.

The Group's profit before taxation increased by 121.8% from RM30.80 million in FQE 30 September 2020 to RM68.32 million in FQE 31 December 2020, primarily due to higher margin arising from an improvement in sales volume of DOC, as well as more favourable average selling prices of broiler chickens and DOC in Indonesia as compared to the immediate preceding quarter.

## B3. PROSPECTS

All countries that the Group operates in expects to post GDP growth in 2021. With improving operating environments and with Covid-19 vaccination being rolled out by governments across the region, barring unforeseen circumstances, the Board is optimistic with the Group's performance in 2021.

The Group has adequate liquidity for operations and is well-positioned to capture opportunities when the market recovers.

## B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B5. PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	10,338	7,341	29,125	20,961
Bad debt recovered	(9)	-	(32)	(15)
Depreciation of :				
-investment properties	63	64	253	254
-property, plant and equipment	60,570	54,697	229,980	204,301
Expense recognised in respect of defined benefit plan	290	5,660	8,490	10,520
Farmer incentives	21,561	16,126	74,948	51,610
Fair value loss/(gain) on derivative financial instruments	(841)	1,775	1	704
Foreign exchange (gain)/loss	4,013	6,779	2,791	5,702
(Gain)/Loss on disposal of:				
-property, plant and equipment	(890)	(472)	(3,863)	(1,597)
-right-of-use assets	-	292	-	292
Impairment loss on:				
-property, plant and equipment	470	-	516	-
-receivables	5,507	9,392	11,795	16,598
Interest expense	29,198	34,194	125,871	136,640
Interest income	(5,535)	(3,697)	(16,157)	(12,866)
Packing materials	6,941	7,800	24,999	23,523
Promotional and marketing expenses	2,234	4,458	10,317	9,852
Rental expense	2,661	3,528	13,221	7,958
Rental income	(605)	(984)	(2,075)	(2,707)
Reversal of provision for claims	(7,470)	-	(7,470)	-
Share option expense	626	2,619	3,727	6,503
Travelling expenses	1,698	2,277	12,000	12,848
Written off :				
-bad debts	127	(39)	387	419
-goodwill	2,123	-	2,123	-
-property, plant and equipment	798	318	1,515	3,168

Note: Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

LEONG HUP INTERNATIONAL BERHAD  
(Company No. 201401022577) (1098663 – D)  
(Incorporated in Malaysia)  
NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

B6. TAXATION

	INDIVIDUAL QUARTER 31/12/2020 RM'000	CUMULATIVE QUARTER 31/12/2020 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	7,066	25,420
- Foreign tax	6,517	30,987
- Under provision in prior years	499	454
	14,082	56,861
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	(4,806)	(20,479)
- Under provision in prior years	2,167	3,221
Tax expense	11,443	39,603
Effective tax rate	16.7%	25.2%

The group effective tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to lower tax rate of foreign subsidiaries.

B7. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal as at the date of this report.

B8. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 31 December 2020 is as follow:

Purposes	Proposed utilisation RM'000	Actual utilisation as at 31 December 2020 RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from the date of Listing
Capital expenditure	207,733	(106,033)	101,700	within 24 months
Working capital	32,959	(32,959)	-	within 6 months
Defray fees and expenses for IPO and Listing	34,308	(34,308)	-	within 3 months
Total	275,000	(173,300)	101,700	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 25 April 2019.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B9. BORROWINGS

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	2,742	-
Bank overdrafts	82,042	66,098
Term loans	154,890	240,124
Revolving credits	291,945	250,531
Hire purchase liabilities	14,851	18,540
	546,470	575,293
<u>Unsecured:</u>		
Bankers' acceptances	469,138	330,874
Bank overdrafts	12,879	6,704
Term loans	71,511	76,539
Revolving credits	255,892	207,971
Trust receipts	408,944	311,352
	1,218,364	933,440
Total Current	1,764,834	1,508,733
Non current		
<u>Secured:</u>		
Term loans	589,621	630,589
Hire purchase liabilities	18,381	20,544
<u>Unsecured:</u>		
Term loans	166,476	221,954
Sukuk Bond	100,000	-
Total non current	874,478	873,087
Total borrowings	2,639,312	2,381,820

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B9. BORROWINGS (CONTINUED)

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Total borrowings		
Bankers' acceptances	471,880	330,874
Bank overdrafts	94,921	72,802
Term loans	982,498	1,169,206
Revolving credits	547,837	458,502
Trust receipts	408,944	311,352
Hire purchase liabilities	33,232	39,084
Sukuk Bond	100,000	-
	2,639,312	2,381,820

The currency profile of borrowings is as follows:

Ringgit Malaysia	1,033,005	896,122
Singapore Dollar	482,161	515,568
US Dollar	576,900	31,575
Indonesia Rupiah	95,322	568,775
Vietnamese Dong	405,811	353,695
Philippines Peso	46,113	16,085
	2,639,312	2,381,820

## B10. DERIVATIVES

	As at 31/12/2020		As at 31/12/2019	
	Contract/ Notional Amount RM'000	Fair Value Amount RM'000	Contract/ Notional Amount RM'000	Fair Value Amount RM'000
<b>Non-current liabilities</b>				
Interest rate swap contracts				
- 1 to 3 years	29,006	(467)	44,291	(611)
<b>Current liabilities</b>				
Forward foreign exchange contracts	86,096	(1,710)	116,842	(1,332)
Foreign currency swap contracts	30,425	(273)	-	-
Derivative financial liabilities	145,527	(2,449)	161,133	(1,943)

## LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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### B11. MATERIAL LITIGATION

On 8 March 2016 the Competition and Consumer Commission of Singapore (“CCCS”) issued a proposed infringement decision against 13 fresh chicken distributors in Singapore, including Lee Say Poultry Industrial, Lee Say Group Pte Ltd, Hup Heng Poultry Industries Pte Ltd, Leong Hup Food Pte Ltd, ES Food International Pte Ltd and Prestige Fortune (S) Pte Ltd (collectively, the “Affected Companies”) for engaging in anti-competitive agreements to coordinate the amount and timing of price increases, and agreeing not to compete for each other’s customers in the market for the supply of fresh chicken products in Singapore. Subsequently, following further investigations conducted by the CCCS and in light of new evidence, the CCCS issued a supplementary proposed infringement decision on 21 December 2017 in respect of the Affected Companies.

Further written and oral representations in defence of the Affected Companies were presented to the CCCS on 8 February 2018 and 15 March 2018, respectively. The CCCS had on 12 September 2018 issued an infringement decision on the Affected Companies and imposed the aggregate financial penalty of SGD11,399,041 on the Affected Companies. The CCCS had also directed the Affected Companies to provide a written undertaking that they will refrain from using The Poultry Merchants’ Association, Singapore, of which they were members, or any other industry association as a platform or front, for anti-competitive activities. Pending resolution of the appeal, on grounds of prudence, the amount of the imposed financial penalty has been fully provided for in our audited financial statements for the financial year ended 31 December 2017. On 12 November 2018, the Affected Companies lodged their Notice of Appeal with the Competition Appeal Board. The final hearing of appeal was held on 20 July 2020 and the final written representation was submitted to the Competition Appeal Board on 7 August 2020. CCCS had concluded the appeal during the financial year and the penalty was reduced by SGD 2,302,781.

### B12. DIVIDEND PROPOSED

The Directors of the Company had declared a single tier dividend of 0.55 sen per ordinary share amounting to RM20.075 million in respect of the FYE 31 December 2020 on 25 August 2020 (Previous corresponding quarter ended 31 December 2019: 1.6 sen per ordinary share amounting to RM58.4 million in respect of FYE 31 December 2019).

Save as disclosed above, the Directors did not recommend any dividend for the FYE 31 December 2020.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

## B13. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Profit attributable to owners of the Company (RM'000)	52,556	29,529	113,146	150,579
Weighted average number of ordinary in issue ('000)	3,650,000	250,955	3,650,000	158,490
Bonus Issues ('000)	-	1,229,177	-	1,229,177
Share Split ('000)	-	2,169,868	-	2,169,868
Weighted average number of ordinary in issue (Basic) ('000)	3,650,000	3,650,000	3,650,000	3,557,535
Weighted average number of ordinary used in the calculation of basic EPS ('000)	3,650,000	3,650,000	3,650,000	3,557,535
Effects of potential exercise of ESOS options and a subsidiary's Warrant ('000)	#	#	#	#
Weighted average number of ordinary in issue (Diluted) ('000)	3,650,000	3,650,000	3,650,000	3,557,535
Basic EPS (sen)	1.44	0.81	3.10	4.23
Diluted EPS (sen)	1.44	0.81	3.10	4.23

Diluted EPS is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of shares adjusted to assume conversion of all dilutive potential ordinary share. The dilutive potential ordinary shares for the Group are the warrant issued by a subsidiary and full exercise of the vested ESOS. The warrant issued by a subsidiary expired on 29 January 2020.

### Note:

# As the exercise price of the ESOS options exceeded the average market price of the ordinary shares during the current financial quarter and financial period to-date, as well as the market price of the subsidiary's share price is lower than the exercise price of the warrants, therefore no dilutive impact from both warrants and ESOS options.

## B14. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report as set out above was approved by the Board of Directors in accordance with their resolution dated 23 February 2021.