CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019

	Quarter ended			Year-to-date ended		
	30.6.2019 RM'000	**30.6.2018** RM'000	***Increase/ (Decrease)***	**30.6.2019** RM'000	**30.6.2018** RM'000	***Increase/ (Decrease)***
Revenue	1,745,803	1,529,458	*14%*	3,495,650	3,057,664	*14%*
Operating expenses	(1,536,300)	(1,312,403)		(3,016,921)	(2,593,769)	
Other operating income	40,740	13,031		60,269	33,626	
Operating profit	250,243	230,086	*9%*	538,998	497,521	*8%*
Finance costs	(65,151)	(40,340)		(121,314)	(81,457)	
Other gain item	-	516,019		-	516,019	
Share of results of associates and joint ventures	6,794	7,430		13,511	11,868	
Profit before tax	191,886	713,195	*(73%)*	431,195	943,951	*(54%)*
Tax expense	(52,737)	(59,758)		(123,765)	(126,836)	
Profit for the period	139,149	653,437	*(79%)*	307,430	817,115	*(62%)*
Profit attributable to:						
Owners of the Company	129,789	644,215	*(80%)*	287,771	798,668	*(64%)*
Non-controlling interests	9,360	9,222		19,659	18,447	
	139,149	653,437		307,430	817,115	
Earnings per share (sen)						
Basic	5.21	25.88	*(80%)*	11.56	32.08	*(64%)*
Diluted	N/A	N/A		N/A	N/A	

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019

	Quarter ended		Year-to-date ended	
	30.6.2019	**30.6.2018**	**30.6.2019**	**30.6.2018**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	139,149	653,437	307,430	817,115
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	3,890	16,250	869	(14,085)
Share of foreign currency translation differences of associates and joint ventures	10,128	62	10,160	(1,885)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	17,796	-	17,796
Change in fair value of cash flow hedge	(7,805)	(2,961)	(1,105)	128
Total other comprehensive income for the period	6,213	31,147	9,924	1,954
Total comprehensive income for the period	145,362	684,584	317,354	819,069
Total comprehensive income attributable to:				
Owners of the Company	134,337	675,033	297,064	804,422
Non-controlling interests	11,025	9,551	20,290	14,647
	145,362	684,584	317,354	819,069

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2019

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	3,129,524	3,157,916
Prepaid lease payments	177,648	180,323
Right-of-use assets	143,322	-
Investment properties	1,711,971	1,600,502
Investment in associates	459,319	440,587
Investment in joint ventures	8,986	7,522
Land held for property development	1,081,392	1,070,354
Intangible assets	48,290	52,847
Trade and other receivables	2,091,493	1,907,341
Other non-current financial assets	26,100	30,282
Deferred tax assets	55,757	35,469
	8,933,802	8,483,143
Current assets		
Inventories	1,761,574	1,724,276
Property development costs	1,339,885	1,243,440
Biological assets	14,677	16,437
Trade and other receivables	2,194,355	2,210,942
Contract assets	405,418	201,405
Tax recoverable	41,289	51,354
Other current financial assets	101,767	4,459
Money market deposits	818,931	1,026,716
Cash and bank balances	826,181	613,632
	7,504,077	7,092,661
TOTAL ASSETS	16,437,879	15,575,804

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 30 JUNE 2019

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000 *(Audited)*
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	3,423,540	3,505,927
	6,943,094	7,025,481
Less: Treasury shares	(113)	(93)
	6,942,981	7,025,388
Non-controlling interests	1,281,719	1,271,355
TOTAL EQUITY	8,224,700	8,296,743
Non-current liabilities		
Payables and provisions	163,001	148,997
Borrowings	3,034,727	2,810,553
Lease liabilities	109,384	-
Other non-current financial liabilities	2,963	3,026
Deferred tax liabilities	481,793	483,955
	3,791,868	3,446,531
Current liabilities		
Payables and provisions	1,330,294	1,145,235
Tax payable	122,301	64,925
Borrowings	2,924,720	2,618,430
Lease liabilities	43,369	-
Other current financial liabilities	627	3,940
	4,421,311	3,832,530
TOTAL LIABILITIES	8,213,179	7,279,061
TOTAL EQUITY AND LIABILITIES	16,437,879	15,575,804
Net assets per share (RM)	2.79	2.82
Number of shares net of treasury shares ('000)	2,489,670	2,489,672

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2019

	← Attributable to Owners of the Company →						
	Share capital RM'000	**Non-distributable reserves** RM'000	**Distributable reserves** RM'000	**Treasury shares** RM'000	**Total** RM'000	**Non-controlling interests** RM'000	**Total equity** RM'000
At 1 January 2019							
- As previously reported	3,519,554	119,629	3,386,298	(93)	7,025,388	1,271,355	8,296,743
- Effect of adoption of MFRS 16	-	-	(6,001)	-	(6,001)	(2,729)	(8,730)
- As restated	3,519,554	119,629	3,380,297	(93)	7,019,387	1,268,626	8,288,013
Profit for the period	-	-	287,771	-	287,771	19,659	307,430
Total other comprehensive income for the period	-	9,293	-	-	9,293	631	9,924
Total comprehensive income for the period	-	9,293	287,771	-	297,064	20,290	317,354
Purchase of treasury shares	-	-	-	(20)	(20)	-	(20)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	(3)	(3)
Dividend	-	-	(373,450)	-	(373,450)	-	(373,450)
Dividends paid to non-controlling interests	-	-	-	-	-	(7,194)	(7,194)
At 30 June 2019	3,519,554	128,922	3,294,618	(113)	6,942,981	1,281,719	8,224,700
At 1 January 2018	3,519,554	69,814	2,548,547	(54)	6,137,861	969,340	7,107,201
Profit for the period	-	-	798,668	-	798,668	18,447	817,115
Total other comprehensive income for the period	-	5,754	-	-	5,754	(3,800)	1,954
Total comprehensive income for the period	-	5,754	798,668	-	804,422	14,647	819,069
Changes in ownership interest in a subsidiary	-	57	594,514	-	594,571	310,846	905,417
Purchase of treasury shares	-	-	-	(19)	(19)	-	(19)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	(5)	(5)
Dividend	-	-	(373,451)	-	(373,451)	-	(373,451)
Dividends paid to non-controlling interests	-	-	-	-	-	(26,436)	(26,436)
At 30 June 2018	3,519,554	75,625	3,568,278	(73)	7,163,384	1,268,392	8,431,776

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2019

	Year-to-date ended	
	30.6.2019	**30.6.2018**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	431,195	943,951
Adjustments for:		
Non-cash items	132,192	104,220
Non-operating items	(17,900)	(528,787)
Dividend income	(20,086)	(1,277)
Net interest expense	114,678	74,546
Operating profit before working capital changes	640,079	592,653
Net changes in working capital	(204,581)	(469,488)
Net changes in loan receivables	(275,588)	(199,811)
Net tax paid	(78,419)	(112,624)
Net interest paid	(132,209)	(95,308)
Net changes in land held for property development	(556)	(120,971)
Net cash flows used in operating activities	(51,274)	(405,549)
Cash flows from investing activities		
Dividends received from associates and a joint venture	5,375	3,452
Dividends received from equity investment at fair value through other comprehensive income	-	720
Dividends received from equity investments at fair value through profit or loss	6,947	-
Dividends received from money market deposits	12,731	917
Profit guarantee shortfall received from holding company	175,307	35,578
Decrease in money market deposits	208,833	51,371
Investment in joint venture	(1,900)	-
Disposal of subsidiaries net of cash disposed	-	737,509
Proceeds from disposal of 20% equity interest in a subsidiary	-	905,417
Proceeds from disposal of property, plant and equipment	14,543	5,870
Proceeds from disposal of equity investment at fair value through profit or loss	102,003	14,633
Purchase of equity investment at fair value through profit or loss	(204,674)	(14,217)
Purchase of property, plant and equipment	(67,080)	(80,679)
Additions to investment properties	(111,603)	(22,812)
Net cash flows generated from investing activities	140,482	1,637,759
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(380,644)	(399,887)
Net drawdown/(repayment) of borrowings	521,021	(176,181)
Shares repurchased at cost	(23)	(24)
Payment of lease liabilities	(15,230)	-
Net cash flows generated from/(used in) financing activities	125,124	(576,092)
Net increase in cash and cash equivalents	214,332	656,118
Effects on exchange rate changes	(2,394)	521
Cash and cash equivalents at beginning of the period	613,632	648,257
Cash and cash equivalents at end of the period	825,570	1,304,896
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	260,594	1,026,531
Cash in hand and at bank	565,587	295,188
Bank overdrafts	(611)	(16,823)
	825,570	1,304,896

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

Basis of Preparation

These interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ["MFRS"] 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ["Bursa Securities"], and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018.

Part A: Explanatory Notes Pursuant to MFRS 134

1. **Significant accounting policies**

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2018 except for changes arising from the adoption of MFRS 16, *Leases* as disclosed below.

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The right-of-use asset is depreciated in accordance with the principle in MFRS 116, *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in profit or loss. A lessor continues to classify all leases as either operating leases or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at 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 low value ["low-value assets"].

The effects of adoption MFRS 16 as at 1 January 2019 are as follows:

	Increase/ (Decrease) RM'000
Right-of-use assets	150,191
Lease liabilities	158,921
Retained profits	(6,001)
Non-controlling interests	(2,729)

2. **Comments on the seasonality or cyclicality of operations**

The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

(a) The performances of the Group's Property Division and Building Materials Division were influenced by the slowdown in construction activities in the first quarter of the financial year attributable to the timing of seasonal festive period.

(b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

3. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

4. **Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

5. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

Shares buyback

During the current quarter, 2,000 shares were bought back and there was no resale or cancellation of treasury shares. All shares bought back were retained as treasury shares. The monthly breakdown of shares bought back during the current quarter was as follows:

Month	No of shares repurchased	Purchase price per share		Average cost per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
April 2019	-	-	-	-	-
May 2019	-	-	-	-	-
June 2019	2,000	9.91	9.91	9.9860	19,972.01
Total	2,000	9.91	9.91	9.9860	19,972.01

As at 30 June 2019, the Company held 12,000 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 2,489,681,583 ordinary shares.

6. **Dividends**

The dividend paid out of shareholders' equity for ordinary shares during the interim period and preceding year corresponding period were as follows:

	Year-to-date ended	
	30.6.2019	**30.6.2018**
	RM'000	RM'000
Dividend in respect of financial year ending 31 December 2018:		
- first interim (15 sen) under the single tier system approved by the Directors on 31 May 2018 and paid on 28 June 2018	-	373,451
Dividend in respect of financial year ending 31 December 2019:		
- first interim (15 sen) under the single tier system approved by the Directors on 31 May 2019 and paid on 26 June 2019	373,450	-
	373,450	373,451

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7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter ended 30 June 2019									
Revenue									
External revenue	79,976	430,553	61,146	389,864	593,555	190,709	-	-	1,745,803
Inter-segment revenue	-	4,975	19,096	1,048	20,788	19,237	-	(65,144)	-
Total revenue	79,976	435,528	80,242	390,912	614,343	209,946	-	(65,144)	1,745,803
Operating profit	(4,064)	170,227	67,183	1,391	18,613	6,637	19,054	(28,798)	250,243
Finance costs									(65,151)
Share of results of associates and joint ventures									6,794
Profit before tax									191,886
Preceding year quarter ended 30 June 2018									
Revenue									
External revenue	107,875	270,205	55,367	348,692	509,165	238,154	-	-	1,529,458
Inter-segment revenue	-	3,678	14,578	1,497	27,556	15,028	-	(62,337)	-
Total revenue	107,875	273,883	69,945	350,189	536,721	253,182	-	(62,337)	1,529,458
Operating profit	7,159	163,914	59,220	7,688	19,016	3,544	(5,340)	(25,115)	230,086
Finance costs									(40,340)
Other gain item									516,019
Share of results of associates and joint ventures									7,430
Profit before tax									713,195

7. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 30 June 2019									
Revenue									
External revenue	206,246	910,232	119,807	704,255	1,170,041	385,069	-	-	3,495,650
Inter-segment revenue	-	9,740	36,547	1,676	39,755	37,832	-	(125,550)	-
Total revenue	206,246	919,972	156,354	705,931	1,209,796	422,901	-	(125,550)	3,495,650
Operating profit	3,608	408,685	130,776	1,926	35,332	12,046	4,928	(58,303)	538,998
Finance costs									(121,314)
Share of results of associates and joint ventures									13,511
Profit before tax									431,195
Segment assets	2,117,697	5,663,899	3,062,472	1,232,471	1,089,179	1,786,637	920,173	-	15,872,528
Segment liabilities	64,328	1,314,960	2,063,398	458,912	862,583	772,083	2,072,821	-	7,609,085
Year-to-date ended 30 June 2018									
Revenue									
External revenue	229,075	580,818	108,840	677,631	1,014,155	447,145	-	-	3,057,664
Inter-segment revenue	-	7,486	28,394	2,616	44,817	29,246	-	(112,559)	-
Total revenue	229,075	588,304	137,234	680,247	1,058,972	476,391	-	(112,559)	3,057,664
Operating profit	29,552	374,637	112,499	13,689	32,012	(5,301)	(16,905)	(42,662)	497,521
Finance costs									(81,457)
Other gain item									516,019
Share of results of associates and joint ventures									11,868
Profit before tax									943,951
Segment assets	2,092,341	4,750,472	3,275,544	771,201	883,535	1,903,093	18,821	-	13,695,007
Segment liabilities	19,575	1,135,901	1,665,655	165,364	633,148	760,065	843,371	-	5,223,079

8. **Events after the end of interim period**

Save for the subsequent events as disclosed in Note 10 of Part B, there were no events after the end of the interim period and up to 23 August 2019 that have not been reflected in these financial statements.

9. **Effect of changes in the composition of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long–term investments, restructuring and discontinued operations**

There were no changes in the composition of the Group during the interim period, except for the following:

(a) On 30 January 2019, *Malaysian Mosaics Sdn Bhd acquired the entire issued share capital of Sino Ceramics Sdn Bhd *(formerly known as MMSB2 Factory Sdn Bhd)* ["Sino"] comprising 1 ordinary share at a cash consideration of RM1.00. Sino is a private limited company incorporated in Malaysia and is principally involved in the manufacture and sale of porcelain and ceramic tiles. On 29 April 2019, Sino had issued and allotted 9,999,999 ordinary shares at an issue price of RM1.00 per share for cash in capital of Sino to the following allottees:

Name of Allottees	No. of ordinary shares	Consideration (RM)
Kito Trading Sdn Bhd	5,300,000	5,300,000.00
Yi Bo	1,400,000	1,400,000.00
Lin Qingyang	1,400,000	1,400,000.00
Malaysian Mosaics Sdn Bhd	1,899,999	1,899,999.00

With the aforesaid allotment, Sino has become a 19% joint venture of the Company.

(b) On 7 February 2019, *HSC Melbourne Pty Ltd ['HMPL"] had been successfully deregistered from Australian Securities & Investments Commission. HMPL was incorporated in Australia on 28 August 2017 as a private limited company. Prior to the deregistration, HMPL had an issued and paid-up share capital of AUD100.00 comprising 100 ordinary shares and was dormant.

(c) On 7 February 2019, *HSC Brisbane Pty Ltd ['HBPL"] had been successfully deregistered from Australian Securities & Investments Commission. HBPL was incorporated in Australia on 28 August 2017 as a private limited company. Prior to the deregistration, HBPL had an issued and paid-up share capital of AUD100.00 comprising 100 ordinary shares and was dormant.

(d) As part of the Group's re-organisation, *Sunrise Addition Sdn Bhd had on 15 March 2019 transferred 20,000 ordinary shares representing the entire issued share capital of *Hap Seng Trucks Sdn Bhd *(formerly known as Super8 Capital Sdn Bhd*) ["HST"] to *Hap Seng Auto Sdn Bhd for a cash consideration of RM14,618.00. HST is a private limited company incorporated in Malaysia and is principally involved in dealing in commercial vehicles, spare parts and servicing of commercial vehicles.

* *These are the Company's wholly-owned subsidiaries.*

10. **Significant events and transactions**

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 23 August 2019.

11. **Changes in contingent liabilities or contingent assets since the end of the last annual reporting period**

Since the end of the last annual reporting period, the Group does not have any changes in contingent liability or contingent asset as at the end of the interim period which is expected to have an operational or financial impact on the Group.

12. **Capital commitments**

The Group has the following capital commitments:

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000 (Audited)
Contracted but not provided for		
- property, plant and equipment	102,622	36,504
- investment properties	219,486	286,621
	322,108	323,125

13. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 30 May 2018 and 31 May 2019, except for the followings:

(a) On 13 June 2019 ["said date"], Hap Seng Properties Development Sdn Bhd ["HSPD"], a wholly-owned subsidiary of the Company, was the registered owner of all that parcel of vacant leasehold land held under CL 105241245 measuring approximately 20.77 acres situated at Mukim of Tinagat, located within the Bandar Sri Indah development at Mile 10, Apas Road, District of Tawau, State of Sabah [the "said Land"] entered into a sale and purchase agreement to dispose the said Land, to Goldcoin Ventures Sdn Bhd, the wholly-owned subsidiary of Akal Megah Sdn Bhd ["Akal Megah"] which in turn was wholly-owned by Lei Shing Hong Limited ["LSH"], for a cash consideration of RM27,142,000 ["Proposed HSPD Disposal"].

The Proposed HSPD Disposal was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was deemed to have a 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star Business Limited and 12.42% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and director of Gek Poh.

As at said date, Gek Poh's aggregate shareholding in the Company was 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. In addition, Lei Shing Hong Investment Limited ["LSHI"], a company incorporated in Hong Kong and a wholly-owned subsidiary of Lei Shing Hong Capital Limited ["LSHCL"] which in turn is the wholly-owned subsidiary of LSH, was a 13.08% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the Proposed HSPD Disposal.

As at said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh, which held 12.42% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Proposed HSPD Disposal.

As at said date, Datuk Simon Shim Kong Yip was a non-independent non-executive director of the Company and a non-executive director of LSH and a director of Akal Megah. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company, LSH and Akal Megah, he was interested in the Proposed HSPD Disposal.

The Proposed HSPD Disposal was completed on 25 June 2019 with the full purchase consideration paid by the purchaser and resulted in a net gain of approximately RM20.27 million to the Group.

(b) HCMPL Proposed Disposal as disclosed in Note 7 of Part B.

Part B: Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities

1. **Review of performance**

The Group's revenue for the current quarter at RM1.75 billion was 14% above the preceding year corresponding quarter with higher revenue from all divisions except for Plantation and Building Materials Divisions. Group's operating profit for the current quarter at RM250.2 million was 9% higher than the preceding year corresponding quarter with better results from Property, Credit Financing and Building Materials Divisions dampened somewhat by lower contribution from Plantation, Automotive and Trading Divisions.

Plantation Division's revenue for the current quarter at RM80 million was lower than the preceding year corresponding quarter by 26%, mainly affected by lower average selling price realization of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as lower sales volume of CPO. Average selling price of CPO and PK for the current quarter were RM2,017 per tonne and RM1,178 per tonne respectively as compared to the preceding year corresponding quarter of RM2,460 per tonne for CPO and RM1,822 per tonne for PK. CPO sales volume for the current quarter at 34,647 tonnes was 8% below the preceding year corresponding quarter due to timing of deliveries. PK sales volume was 3% higher at 7,596 tonnes, benefitted from higher production. Production of CPO and PK for the current quarter were both higher by 3% as compared to the preceding year corresponding quarter mainly attributable to higher fresh fruit bunches ["FFB"] production and higher extraction rate. FFB production for the current quarter was 6% above the preceding year corresponding quarter, benefitted from improved FFB yield due to seasonal yield trend. Overall, the division registered an operating loss of RM4.1 million for the current quarter as compared to the preceding year corresponding quarter's operating profit of RM7.2 million.

The Property Division's revenue and operating profit for the current quarter at RM435.5 million and RM170.2 million were higher than the preceding year corresponding quarter by 59% and 4% respectively, benefitted from higher contribution from project development and construction segments. The Aria Luxury Residences in the Kuala Lumpur City Centre which was completed during the current quarter and higher progress completion of several ongoing projects in Sabah contributed to the improved projects revenue. Construction revenue was derived from the construction of the Shah Alam Industrial Hub on a 20 acres land which is expected to be completed by the first quarter of 2020. The division's investment properties in Kuala Lumpur City Centre and Kota Kinabalu continue to maintain healthy occupancy rates and rental yield.

Credit Financing Division continued to achieve higher loan base of RM3.96 billion at end of the current quarter, representing a 20% growth over the preceding year corresponding quarter of RM3.3 billion. Non-performing loans ratio of 1.65% at the end of the current quarter was lower than the preceding year corresponding quarter of 2.0%. Consequently, the division's revenue and operating profit for the current quarter at RM80.2 million and RM67.2 million were higher than the preceding year corresponding quarter by 15% and 13% respectively.

Automotive Division's revenue for the current quarter at RM390.9 million was 12% higher than the preceding year corresponding quarter of RM350.2 million mainly derived from its commercial vehicles wholesale distribution business as well as its after sales and services segment. The commercial vehicles wholesale distribution business which commenced operations in November 2018 contributed 19% to the division's current quarter revenue and is currently focused on building its dealers' network and market share. The after sales and services segment recorded 30% increase in both revenue and throughput mainly attributable to the wider market coverage of its expanded network of 11 autohauses. However, sales of passenger vehicles in the current quarter was 15% lower due to softer market conditions. In the preceding year corresponding quarter, sales of passenger vehicles benefitted from the "tax holiday period" as a consequence of the zero rated Goods and Services Tax with effect from 1 June 2018 pending the implementation of the new Sales and Service Tax on 1 September 2018. Overall, the division's operating profit for the current quarter at RM1.4 million was 82% below the preceding year corresponding quarter of RM7.7 million, affected by lower units sold and lower margins from passenger vehicle sales coupled with start-up and dealers' network development costs of the commercial vehicles wholesale distribution business.

1. **Review of performance (continued)**

Trading Division which comprises the fertilizers trading and general trading businesses registered higher revenue at RM614.3 million for the current quarter, 14% above the preceding year corresponding quarter of RM536.7 million. Fertilizers trading business' revenue for the current quarter was 18% above the preceding year corresponding quarter attributable to higher sales volume and higher average selling prices in the Malaysian market. General trading business also recorded higher revenue which was 9% above the preceding year corresponding quarter. However, trading margins for both fertilizers trading and general trading businesses were lower as compared to the preceding year corresponding quarter due to competitive market conditions. Overall, the division's operating profit for the current quarter at RM18.6 million was marginally below the preceding year corresponding quarter of RM19 million.

Building Materials Division comprises the quarry, asphalt and bricks businesses as well as the trading and manufacturing of building materials by Malaysian Mosaics Sdn Bhd ["MMSB"] and trading of building materials by Hafary Holdings Limited ["Hafary"]. The division's revenue for the current quarter at RM209.9 million was 17% below the preceding year corresponding quarter of RM253.2 million with lower revenue from all businesses. In the current quarter, the division's revenue from quarry, asphalt and bricks businesses and MMSB were lower than the preceding year corresponding quarter by 13% and 25% respectively, generally affected by the soft and competitive market environment in which they operate. Revenue from Hafary was 12% below the preceding year corresponding quarter mainly due to lower general sector sales on the back of a less active property resale market. Inspite of this, the division registered higher operating profit of RM6.6 million which was 87% above the preceding year corresponding quarter of RM3.5 million mainly attributable to better margins and lower operating expenses in MMSB, quarry and bricks businesses following their respective rationalisation exercise in the second half of 2018.

The Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM191.9 million and RM139.2 million were lower than the preceding year corresponding quarter by 73% and 79% respectively as the preceding year corresponding quarter's PBT and PAT included a gain of RM516.02 million from the disposal of HSC Sydney Holding Limited. Excluding the gain, Group PBT for the current quarter was 2.7% below the preceding year corresponding quarter whilst PAT was 1.3% above the preceding year corresponding quarter.

Group PBT and PAT for the year to date at RM431.2 million and RM307.4 million were lower than the preceding year corresponding period by 54% and 62% respectively due to the aforementioned gain of RM516.02 million been included in the preceding year corresponding period. Accordingly, profit attributable to owners of the Company for the year to date at RM287.8 million and basic earnings per share for the year to date at 11.56 sen were both 64% lower than the preceding year corresponding period.

Excluding the aforementioned gain of RM516.02 million in the preceding year corresponding period, Group PBT and PAT for the year to date would have been 0.8% and 2.1% better than the preceding year corresponding period. Accordingly, profit attributable to owners of the Company and basic earnings per share for the year to date would have been 1.8% higher than the preceding year corresponding period.

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2. **Comments on material changes in the profit before tax for the quarter reported as compared with the immediate preceding quarter**

	Current Quarter ended 30.6.2019 RM'000	**Immediate Preceding Quarter ended 31.3.2019** RM'000	***Increase/ (Decrease)***
Revenue	1,745,803	1,749,847	*(0.2%)*
Operating profit	250,243	288,755	*(13%)*
Profit before tax	191,886	239,309	*(20%)*

Group PBT for the current quarter at RM191.9 million was 20% below the immediate preceding quarter mainly due to lower contribution from Plantation and Property Divisions but mitigated somewhat by the higher contribution from Credit Financing, Automotive, Trading and Building Materials Divisions.

Plantation Division's operating loss of RM4.1 million for the current quarter as compared to the immediate preceding quarter's operating profit of RM7.7 million was mainly due to lower average selling price and lower sales volume for both CPO and PK as well as higher unit production cost of CPO per tonne. Average selling price per tonne of CPO was 4% lower than the immediate preceding quarter of RM2,099 per tonne whilst average selling price of PK was 14% below the immediate preceding quarter of RM1,370 per tonne. Sales volume of CPO and PK for the current quarter were 34% and 30% lower than the immediate preceding quarter of 52,409 tonnes and 10,805 tonnes respectively, mainly attributable to lower FFB production by 26% due to seasonal yield trend. Production cost per tonne of CPO was higher in the current quarter due to lower CPO production in tandem with the lower FFB production.

Property Division's operating profit for the current quarter at RM170.2 million was 29% below the immediate preceding quarter of RM238.5 million mainly due to lower sales of non-strategic properties in the current quarter.

Credit Financing Division's operating profit for the current quarter at RM67.2 million was 6% higher than the immediate preceding quarter of RM63.6 million mainly benefitted from higher average loan base in the current quarter.

Automotive Division's operating profit for the current quarter at RM1.4 million was higher than the immediate preceding quarter of RM0.5 million mainly due to better performance from its commercial vehicles wholesale distribution business which commenced operations on 1 November 2018.

Trading Division's operating profit for the current quarter at RM18.6 million was 11% higher than the immediate preceding quarter of RM16.7 million mainly attributable to higher contribution from its fertilizers trading business which recorded higher sales volume in the Malaysian market.

Building Materials Division's operating profit for the current quarter at RM6.6 million was 23% higher than the immediate preceding quarter of RM5.4 million mainly attributable to better contribution from Hafary which achieved higher sales from both the general and project sectors.

3. **Current year prospects**

Malaysian palm oil inventories declined for five consecutive months to a one-year low of 2.39 million tonnes at end of July 2019. The lower Malaysian palm oil inventories lend support to palm oil prices which are currently at a three-month high. In the first half of August 2019, daily average prices recovered to above RM2,000 per tonne as compared to July 2019 average CPO price of RM1,879 per tonne. The higher palm oil prices were also influenced by the gains on soybean oil prices and the weaker Ringgit vis-à-vis the US Dollar. The prolonged US-China trade war continues to negatively impact the global edible oil markets as the reduced purchases by China in the US soybean market is expected to cause an over-supply situation with U.S. farmers facing difficulties in seeking alternative markets for their crops. The African swine fever that continues to affect China's hog industry, a major consumer of American soybeans, would further dampen the global soybean market and soybean oil prices. This will also influence prices of other edible oils including palm oil.

The outlook for the Malaysian residential property market remains cautious due to the mismatch in product offerings and pricing affordability as well as the large quantity of unsold residential properties. The Government is actively reviewing its policies aiming to stabilize and correct the local housing market imbalances. It introduced incentives such as waiver of stamp duty for residential homes valued below RM1 million and these incentives under the Home Ownership Campaign are expected to provide further traction to the housing market. The division will continue to place concerted efforts to drive sales and progress completion of its current development projects as well as reducing its completed project stocks. Optimising the occupancy rates and rental yield remained the key focus of its investment properties sector.

Credit Financing Division will continue to grow its term loan portfolio as an alternative source of funding, supplementing the coverage extended by the banking industry. The division remains prudent and cautious in its business approach by focusing on quality businesses/customers with greater emphasis in improving interest yield, ensuring timely collections and loans recovery in view of the ongoing global and domestic economic environment.

The competitive business environment in the premium passenger vehicles segment is expected to continue. Notwithstanding this, the Automotive Division will continue to grow its market share in the premium passenger vehicles segment through its expanded network of autohauses and pre-owned car centres. Concerted efforts are placed to improve its commercial vehicle segment's market share and upgrade its commercial vehicle dealers' network with more dedicated 3S dealerships.

Trading Division anticipates the fertilizers trading environment to be very competitive and challenging. Fertilizers demand continue to be influenced by the current low CPO prices as planters remained cautious in their fertilizers application. The general trading business will focus on growing market share by expanding its customer base, market coverage, offering competitive prices and leveraging on Group's synergy and network whilst exercising stringent credit control and maintaining optimum inventory levels to improve profitability.

Building Materials Division expects further improvement to its operating results following the ongoing rationalisation exercise of its quarry, bricks and MMSB businesses since the second half of last year. MMSB will continue to grow its OEM products through strategic alliances with reputable tiles manufacturers in the region. In Singapore, the division's operations via Hafary is expected to remain positive, benefitting from the private property resale market and public housing projects.

The Group is optimistic of achieving satisfactory results for the financial year ending 31 December 2019.

4. **Variances between actual profit and forecast profit**

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. Profit before tax

	Quarter ended		Year-to-date ended	
	30.6.2019	**30.6.2018**	**30.6.2019**	**30.6.2018**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	3,960	4,182	6,636	6,911
Dividend income from equity investment at fair value through other comprehensive income	180	180	360	360
Dividend income from equity investment at fair value through profit or loss	6,947	-	6,947	-
Dividend income from money market deposits	7,274	331	12,779	917
(Loss)/Gain on equity investment at fair value through profit or loss	(6,573)	-	(6,573)	416
Gain on money market deposits at fair value	972	-	1,048	-
Interest expense	(65,151)	(40,340)	(121,314)	(81,457)
Depreciation and amortisation	(55,801)	(46,060)	(111,583)	(93,632)
Net allowance of impairment losses				
- trade receivables	(1,536)	(4,265)	(5,563)	(7,794)
Net inventories written down	(2,642)	(2,941)	(3,757)	(6,877)
Gain on disposal of property, plant and equipment	1,763	410	4,389	900
Property, plant and equipment written off	(460)	(452)	(1,459)	(914)
Investment property written off	(263)	-	(263)	-
Bad debts written off	(1)	-	(17)	-
Net foreign exchange gain/(loss)	17,215	1,080	3,412	(4,150)
Gain/(Loss) on hedging activities	-	141	-	(344)
Gain/(Loss) on non-hedging derivative instruments	1,598	182	1,241	(1,070)
Gain/(Loss) on fair value of biological assets	1,714	7,205	(1,760)	4,283
Recovery of bad debts	93	680	368	1,248
Other gain item				
- Gain on disposal of subsidiaries	-	516,019	-	516,019

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Main Market Listing Requirements are not applicable.

6. Tax expense

	Quarter ended		Year-to-date ended	
	30.6.2019	**30.6.2018**	**30.6.2019**	**30.6.2018**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	60,786	58,514	145,612	127,633
- deferred tax	(8,838)	503	(22,636)	(1,538)
	51,948	59,017	122,976	126,095
In respect of prior period				
- income tax	789	661	789	661
- deferred tax	-	80	-	80
	789	741	789	741
	52,737	59,758	123,765	126,836

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

The effective tax rate for the preceding year corresponding quarter and period were lower than the statutory tax rate mainly due to capital gain not subjected to income tax.

7. **Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report**

(a) On 20 January 2016, *Hap Seng Land Development Sdn Bhd ["HSLD"] acquired the entire issued and paid-up share capital of KL Midtown Sdn Bhd *(formerly known as Golden Suncity Sdn Bhd)* ["KL Midtown"] comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.00. On 29 January 2016, HSLD entered into a shareholders' agreement ["SHA"] with TTDI KL Metropolis Sdn Bhd ["TTDI KL"], a wholly-owned subsidiary of Naza TTDI Sdn Bhd, and KL Midtown to regulate their relationship inter-se as shareholders of KL Midtown based on a shareholding proportion of 70:30.

Simultaneous with the execution of the SHA, KL Midtown had entered into a development rights agreement ["DRA"] with TTDI KL, pursuant to which TTDI KL as the registered and beneficial proprietor of all that parcel of a leasehold land held under PN52352, Lot 80928, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL measuring 8.95 acres ["Land"] has agreed to grant to KL Midtown, the exclusive rights to develop the Land at the consideration of RM467,834,400 ["DRA Consideration"].

Pursuant to the DRA, the Company had paid TTDI KL the sum of RM257,308,920, representing 55% of the DRA Consideration. The balance sum of RM210,525,480 representing 45% of the DRA Consideration will be paid to TTDI KL upon expiry of 7 years from 4 January 2019, being the agreed payment date.

(b) On 23 July 2019 ["said date"], *HSC Melbourne Holding Pte Ltd ["HSC Melbourne"] entered into a shares sale agreement with Lei Shing Hong Capital Limited ["LSHCL"], a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], pursuant to which HSC Melbourne had agreed to dispose 80,000,100 ordinary shares representing 100% of the issued share capital of HS Credit (Melbourne) Pty Ltd ["HCMPL"] for a cash consideration of USD175.50 million (translated to RM721.74 million based on the Bank Negara Malaysia's middle exchange rate as at 5.00 p.m. on 22 July 2019 rate of USD1.00: RM 4.1125) ["Sale Consideration" and "HCMPL Proposed Disposal"].

The Proposed Disposal was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was deemed to have a 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star Business Limited and 12.42% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and director of Gek Poh.

As at said date, Gek Poh's aggregate shareholdings in the Company was 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. In addition, Lei Shing Hong Investment Limited ["LSHI"], a company incorporated in Hong Kong and a wholly-owned subsidiary of LSHCL which in turn is the wholly-owned subsidiary of LSH, was a 13.08% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the HCMPL Proposed Disposal.

As at said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh, which held 12.42% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the HCMPL Proposed Disposal.

As at said date, Datuk Simon Shim Kong Yip was a non-independent non-executive director of the Company and a non-executive director of LSH. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company and LSH, he was interested in the HCMPL Proposed Disposal.

As at said date, the interested or deemed interested directors and shareholders had abstained from voting and that they had ensure that persons connected to them have abstain from voting in respect of their direct and/or indirect shareholdings on the resolution in relation to the HCMPL Proposed Disposal during the extraordinary general meeting of the Company to be convened.

* *These are the Company's wholly-owned subsidiaries.*

8. **Status of the utilisation of proceeds from corporate proposals**

(a) On 8 June 2018, HSC International Limited, a wholly-owned subsidiary of the Company completed the disposal of its 100% equity interest in HSC Sydney Holding Limited to Lei Shing Hong Capital Limited ["HSH Disposal"]. The status of the utilisation of proceeds from HSH Disposal is as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	**Adjusted RM'000	As at 30 June 2019 Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	%	Explanation
Repayment of borrowings	250,000	250,000	250,000	-	Within 24 months from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed
Working capital requirements:								
(i) Part finance the cost of property developments in Klang Valley								
(a) Jalan Kia Peng Service Apartment	100,000	100,000	29,438	70,562		-	-	
(b) Menara Hap Seng 3	200,000	200,000	120,071	79,929		-	-	
	300,000	300,000	149,509	150,491		-	-	
(ii) Purchase of inventories								
(a) automobile	20,664	30,293	31,884	-		# (1,591)	(5)	
(b) fertilisers	30,000	30,000	30,000	-		-	-	
(c) building materials such as steel bars, wire mesh and cement	30,000	30,000	30,000	-		-	-	
	80,664	90,293	91,884	-		(1,591)	(5)	
	380,664	390,293	241,393	150,491		(1,591)	(5)	
Investments purposes	140,000	140,000	138,326	-		1,674	1	The net under spent has been utilised for working capital requirement of item (ii)(a) #
Estimated expenses	500	500	583	-		(83)	(17)	
	771,164	780,793	630,302	150,491		-		

* *Circular to Shareholders dated 16 May 2018.*

** *The proposed utilisation was adjusted to reflect the actual proceeds in RM based on the actual foreign exchange rate at completion date. This resulted in additional proceeds of RM9.629 million which was allocated to the proposed utilisation for working capital requirement under item (ii)(a).*

8. **Status of the utilisation of proceeds from corporate proposals (continued)**

(b) On 8 June 2018, the Company completed the disposal of 20% equity interest in Hap Seng Credit Sdn Bhd to Lei Shing Hong Capital Limited ["HSCSB Disposal"]. The status of the utilisation of proceeds from HSCSB Disposal is as follows:

Purpose	Proposed Utilisation RM'000	As at 30 June 2019 Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	%	Explanation
Working capital requirements:							
Loan disbursements of HSCSB's credit financing division							
(a) Real estate	350,000	-	350,000	Within 24 months from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed
(b) Manufacturing	170,000	-	170,000		-	-	
(c) Transportation	170,000	-	170,000		-	-	
(d) Construction	120,000	-	120,000		-	-	
(e) General commerce	95,500	-	# 95,417		-	-	
	905,500	-	905,417		-	-	
Estimated expenses	500	583	-		(83)	(17)	over spent was set-off against the balance unutilised for working capital requirement under item (e) #
	906,000	583	905,417		(83)		

9. **Borrowings and debt securities**

On 30 July 2018, Hap Seng Management Sdn Bhd ["HSM"], a wholly-owned subsidiary of the Company lodged with the Securities Commission Malaysia to establish an unrated medium term notes ["MTN"] programme of up to RM5.0 billion in nominal value ["MTN Programme"] and an unrated commercial papers ["CP"] programme of up to RM1.0 billion in nominal value ["CP Programme"], which have a combined limit of RM5.0 billion in nominal value. The tenures of the MTN and CP Programmes are twenty (20) years and seven (7) years respectively from the date of first issuance on 29 August 2018. The MTN Programme and the CP Programme are collectively referred to as the Programmes.

The proceeds from the Programmes will be utilised by HSM for advancing to the Group for general corporate purposes and working capital.

9. Borrowings and debt securities (continued)

The Group's borrowings are as follows:

	As at 30.6.2019					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	13,392	-	-	13,392
- Revolving credits	-	-	116,012	-	-	116,012
- Trust receipts	-	-	34,657	24,448	-	59,105
- Finance leases	-	-	838	-	-	838
	-	-	164,899	24,448	-	189,347
Unsecured						
- Term loans	311,925	124,305	123,723	-	-	559,953
- Revolving credits	1,349,678	290,173	-	-	118,524	1,758,375
- Bankers' acceptances	412,894	3,540	-	-	-	416,434
- Bank overdrafts	611	-	-	-	-	611
	2,075,108	418,018	123,723	-	118,524	2,735,373
Total current borrowings	2,075,108	418,018	288,622	24,448	118,524	2,924,720
Non-current						
Secured						
- Term loans	-	-	246,781	-	-	246,781
- Finance leases	-	-	708	-	-	708
	-	-	247,489	-	-	247,489
Unsecured						
- Term loans	700,163	697,075	-	-	-	1,397,238
- Medium term notes	1,390,000	-	-	-	-	1,390,000
	2,090,163	697,075	-	-	-	2,787,238
Total non-current borrowings	2,090,163	697,075	247,489	-	-	3,034,727
Total borrowings	4,165,271	1,115,093	536,111	24,448	118,524	5,959,447

Note: All secured borrowings are in respect of foreign subsidiaries' borrowings.

9. **Borrowings and debt securities (continued)**

	As at 31.12.2018						
	Denominated in						
	RM	USD	SGD	Euro	IDR	RMB	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current							
Secured							
- Term loans	-	-	13,446	-	-	-	13,446
- Revolving credits	-	-	90,915	-	-	-	90,915
- Trust receipts	-	-	48,291	28,835	-	-	77,126
- Finance leases	-	-	1,227	-	-	-	1,227
	-	-	153,879	28,835	-	-	182,714
Unsecured							
- Term loans	358,316	203,718	12,122	-	-	-	574,156
- Revolving credits	1,429,500	41,242	-	-	155,884	1,940	1,628,566
- Bankers' acceptances	222,994	-	-	-	-	-	222,994
- Commercial papers	10,000	-	-	-	-	-	10,000
	2,020,810	244,960	12,122	-	155,884	1,940	2,435,716
Total current borrowings	2,020,810	244,960	166,001	28,835	155,884	1,940	2,618,430
Non-current							
Secured							
- Term loans	-	-	250,804	-	-	-	250,804
- Finance leases	-	-	991	-	-	-	991
	-	-	251,795	-	-	-	251,795
Unsecured							
- Term loans	625,734	720,534	122,490	-	-	-	1,468,758
- Medium term notes	1,090,000	-	-	-	-	-	1,090,000
	1,715,734	720,534	122,490	-	-	-	2,558,758
Total non-current borrowings	1,715,734	720,534	374,285	-	-	-	2,810,553
Total borrowings	3,736,544	965,494	540,286	28,835	155,884	1,940	5,428,983

Note: All secured borrowings are in respect of foreign subsidiaries' borrowings.

10. **Changes in material litigations (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report**

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

(a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB commenced a legal suit ["KL RESB Suit"] vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1st Defendant"] and HCH was added as the second defendant ["2nd Defendant"] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK RESB Suit:

(i) That RESB be declared as the registered and beneficial owner of the said Land;
(ii) That the Purported SPA be declared null and void;
(iii) That the Alleged PA be declared null and void;
(iv) An injunction restraining the 1st Defendant from:-
    (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
    (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
    (c) taking any further action to complete the Purported SPA.
(v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
(vi) Costs of the KK RESB Suit; and
(vii) Such further or other relief as the Court deems fit and just.

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019 and 8 March 2019. The Consolidated RESB Suit has been fixed for continued hearing on 19 September 2019.

HSP has been advised by Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the KK RESB Suit.

10. **Changes in material litigations (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report (continued)**

(b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in the KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:
(i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
(v) costs of the KK Suit; and
(vi) such further or other relief as the Court deems fit and just.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"].

The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019 and 8 March 2019. The Consolidated RESB Suit has been fixed for continued hearing on 19 September 2019.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

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11. **Derivatives**

The Group entered into forward currency contracts and cross currency interest rate swaps where appropriate to minimise its exposure on receivables, payables, borrowings and firm commitments denominated in foreign currencies. Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 30 June 2019 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)	Gain/(loss) On Derivative Instruments	Gain/(loss) On Hedged Items	Net Gain/(loss)
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward currency contracts of less than 1 year (USD/Euro)					
- Designated as hedging instruments*	213,506	1,333	1,443	(1,640)	(197)
- Not designated as hedging instruments	246,377	(33)	2,806	(1,565)	1,241
	459,883	1,300	4,249	(3,205)	1,044
Cross currency interest rate swaps on foreign currency borrowings of 1 year to 2 years (USD)					
- Designated as hedging instruments*	884,818	7,572	(3,858)	2,950	(908)

* *The hedging relationship is classified as cash flow hedge where the gain/(loss) is recognised in other comprehensive income which flow into cash flow hedge reserve.*

The Group has no significant concentration of credit and market risks in relation to the above derivative financial instruments as the forward currency contracts and cross currency interest rate swaps are entered into with reputable financial institutions and are not used for speculative purposes. The cash requirement for settling these forward currency contracts and cross currency interest rate swaps is solely from the Group's working capital.

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

As at the end of the interim period, the Group does not have any financial liabilities that are measured at fair value through profit or loss other than the derivative financial instruments as disclosed in Note 11 above.

13. **Provision of financial assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's subsidiaries, Hap Seng Credit Sdn Bhd and HS Credit (Melbourne) Pty Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 30 June 2019 given by the Company's moneylending subsidiaries are as follows:

		Secured RM'000	**Unsecured** RM'000	**Total** RM'000
(a)	To companies	2,708,794	140	2,708,934
(b)	To individuals	334,210	1,191	335,401
(c)	To companies within the listed issuer group	431,409	483,478	914,887
(d)	To related parties	-	-	-
		3,474,413	484,809	3,959,222

(ii) The total borrowings of the moneylending subsidiaries are as follows:

		As at 30.6.2019 RM'000
(a)	Loans given by corporations within the Group to the moneylending subsidiaries	-
(b)	Borrowings which are secured by corporations within the Group in favour of the moneylending subsidiaries	-
(c)	Other borrowings	1,973,403
		1,973,403

(iii) The aggregate amount of loans in default for 3 months or more are as follows:-

		RM'000
(a)	Balance as at 1.1.2019	60,911
(b)	Loans classified as in default during the financial year	17,097
(c)	Loans reclassified as performing during the financial year	(4,800)
(d)	Amount recovered	(7,894)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 30.6.2019	65,314
(h)	Ratio of net loans in default to net loans	1.65%

13. **Provision of financial assistance (continued)**

Moneylending operations (continued)

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1st	Term Loan	420,000	419,574	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	247,000	243,226	No	-	Yes*	36
3rd	Term Loan	262,000	147,413	No	-	Yes*	3 – 30
4th	Term Loan	130,000	131,166	Yes	349,000	No	84
5th	Term Loan	113,050	111,930	Yes	111,078	No	72

** Companies within the listed issuer group.*

14. **Earnings per share ["EPS"]**

(a) The basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Quarter ended		Year-to-date ended	
	30.6.2019	**30.6.2018**	**30.6.2019**	**30.6.2018**
Profit attributable to owners of the Company (RM'000)	129,789	644,215	287,771	798,668
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	2,489,671	2,489,675	2,489,671	2,489,675
Basic EPS (sen)	5.21	25.88	11.56	32.08

(b) The Company does not have any diluted EPS.

15. **Dividend**

The Directors do not recommend any interim dividend for the period under review.

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

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2018 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
QUAN SHEET MEI
Secretaries

Kuala Lumpur
29 August 2019