

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

	Quarter ended		Increase/ (Decrease)	Year-to-date ended		Increase/ (Decrease)
	30.9.2019 RM'000	30.9.2018 RM'000		30.9.2019 RM'000	30.9.2018 RM'000	
<b>Revenue</b>	1,826,561	1,762,910	4%	5,322,211	4,820,574	10%
Operating expenses	(1,528,378)	(1,510,030)		(4,545,299)	(4,103,799)	
Other operating income	25,642	31,927		85,911	65,553	
<b>Operating profit</b>	323,825	284,807	14%	862,823	782,328	10%
Finance costs	(61,704)	(41,609)		(183,018)	(123,066)	
Other gain item	-	-		-	516,019	
Share of results of associates and joint ventures	8,701	9,691		22,212	21,559	
<b>Profit before tax</b>	270,822	252,889	7%	702,017	1,196,840	(41%)
Tax expense	(67,161)	(47,139)		(190,926)	(173,975)	
<b>Profit for the period</b>	203,661	205,750	(1%)	511,091	1,022,865	(50%)
<b>Profit attributable to:</b>						
Owners of the Company	193,140	190,694	1%	480,911	989,362	(51%)
Non-controlling interests	10,521	15,056		30,180	33,503	
	203,661	205,750		511,091	1,022,865	
<b>Earnings per share (sen)</b>						
Basic	7.76	7.66	1%	19.32	39.74	(51%)
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 THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	Quarter ended		Year-to-date ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	203,661	205,750	511,091	1,022,865
<b>Other comprehensive income/(expense) net of tax:</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(8,384)	12,263	(7,515)	(1,822)
Share of foreign currency translation differences of associates and joint ventures	1,946	3,880	12,106	1,995
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	-	17,796
Change in fair value of cash flow hedge	1,912	3,043	807	3,171
<b>Total other comprehensive (expense)/income for the period</b>	(4,526)	19,186	5,398	21,140
<b>Total comprehensive income for the period</b>	<u>199,135</u>	<u>224,936</u>	<u>516,489</u>	<u>1,044,005</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	189,666	207,529	486,730	1,011,951
Non-controlling interests	9,469	17,407	29,759	32,054
	<u>199,135</u>	<u>224,936</u>	<u>516,489</u>	<u>1,044,005</u>

*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 SEPTEMBER 2019**

	<b>As at 30.9.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
		<i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	3,130,965	3,157,916
Prepaid lease payments	173,715	180,323
Right-of-use assets	134,580	-
Investment properties	1,745,717	1,600,502
Investment in associates	454,468	440,587
Investment in joint ventures	8,421	7,522
Land held for property development	1,339,041	1,070,354
Intangible assets	46,079	52,847
Trade and other receivables	2,039,408	1,907,341
Other non-current financial assets	29,402	30,282
Deferred tax assets	68,766	35,469
	<hr/>	<hr/>
	9,170,562	8,483,143
<b>Current assets</b>		
Inventories	1,634,117	1,724,276
Property development costs	1,297,144	1,243,440
Biological assets	22,200	16,437
Trade and other receivables	2,206,091	2,210,942
Contract assets	519,034	201,405
Tax recoverable	50,011	51,354
Other current financial assets	85,162	4,459
Money market deposits	717,133	1,026,716
Cash and bank balances	1,189,051	613,632
	<hr/>	<hr/>
	7,719,943	7,092,661
<b>TOTAL ASSETS</b>	<hr/> <hr/>	<hr/> <hr/>
	16,890,505	15,575,804

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

	<b>As at 30.9.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
		<i>(Audited)</i>
<b>Equity attributable to owners of the Company</b>		
Share capital	3,519,554	3,519,554
Reserves	3,613,206	3,505,927
	<hr/>	<hr/>
	7,132,760	7,025,481
Less: Treasury shares	(113)	(93)
	<hr/>	<hr/>
	7,132,647	7,025,388
<b>Non-controlling interests</b>	1,289,311	1,271,355
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	8,421,958	8,296,743
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<b>Non-current liabilities</b>		
Payables and provisions	158,378	148,997
Borrowings	3,341,276	2,810,553
Lease liabilities	108,724	-
Other non-current financial liabilities	392	3,026
Deferred tax liabilities	482,541	483,955
	<hr/>	<hr/>
	4,091,311	3,446,531
	<hr/>	<hr/>
<b>Current liabilities</b>		
Payables and provisions	1,354,539	1,145,235
Tax payable	155,788	64,925
Borrowings	2,831,064	2,618,430
Lease liabilities	35,242	-
Other current financial liabilities	603	3,940
	<hr/>	<hr/>
	4,377,236	3,832,530
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	8,468,547	7,279,061
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<b>TOTAL EQUITY AND LIABILITIES</b>	16,890,505	15,575,804
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<b>Net assets per share (RM)</b>	2.86	2.82
	<hr/>	<hr/>
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 SEPTEMBER 2019**

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Treasury shares RM'000			
<b>At 1 January 2019</b>							
- 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	-	-	480,911	-	480,911	30,180	511,091
Total other comprehensive income for the period	-	5,819	-	-	5,819	(421)	5,398
Total comprehensive income for the period	-	5,819	480,911	-	486,730	29,759	516,489
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	-	-	-	-	-	(9,071)	(9,071)
<b>At 30 September 2019</b>	<b>3,519,554</b>	<b>125,448</b>	<b>3,487,758</b>	<b>(113)</b>	<b>7,132,647</b>	<b>1,289,311</b>	<b>8,421,958</b>
<b>At 1 January 2018</b>	<b>3,519,554</b>	<b>69,814</b>	<b>2,548,547</b>	<b>(54)</b>	<b>6,137,861</b>	<b>969,340</b>	<b>7,107,201</b>
Profit for the period	-	-	989,362	-	989,362	33,503	1,022,865
Total other comprehensive income for the period	-	22,589	-	-	22,589	(1,449)	21,140
Total comprehensive income for the period	-	22,589	989,362	-	1,011,951	32,054	1,044,005
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	-	-	-	-	-	(32,069)	(32,069)
<b>At 30 September 2018</b>	<b>3,519,554</b>	<b>92,460</b>	<b>3,758,972</b>	<b>(73)</b>	<b>7,370,913</b>	<b>1,280,166</b>	<b>8,651,079</b>

*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 SEPTEMBER 2019**

	<b>Year-to-date ended</b>	
	<b>30.9.2019</b>	<b>30.9.2018</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	702,017	1,196,840
Adjustments for:		
Non-cash items	188,376	142,699
Non-operating items	(27,510)	(539,080)
Dividend income	(25,783)	(3,833)
Net interest expense	168,990	109,966
Operating profit before working capital changes	1,006,090	906,592
Net changes in working capital	(151,563)	(22,970)
Net changes in loan receivables	(221,538)	(875,468)
Net tax paid	(132,481)	(160,847)
Net interest paid	(198,036)	(142,293)
Net changes in land held for property development	(250,011)	(117,644)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>52,461</b>	<b>(412,630)</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates and a joint venture	21,481	10,452
Dividends received from equity investment at fair value through other comprehensive income	480	720
Dividends received from equity investment at fair value through profit or loss	9,229	-
Dividends received from money market deposits	15,985	3,293
Profit guarantee shortfall received from holding company	175,307	35,578
Decrease/(Increase) in money market deposits	310,942	(757,780)
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	17,453	6,819
Proceeds from disposal of equity investment at fair value through profit or loss	117,163	14,633
Proceeds from redemption of equity investment at fair value through other comprehensive income	3,000	-
Purchase of equity investment at fair value through profit or loss	(204,674)	(14,217)
Purchase of property, plant and equipment	(118,677)	(117,290)
Additions to investment properties	(145,529)	(66,811)
<b>Net cash flows generated from investing activities</b>	<b>200,260</b>	<b>758,323</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company and non-controlling interests	(382,521)	(405,520)
Net drawdown of borrowings	729,506	565,495
Shares repurchased at cost	(23)	(24)
Payment of lease liabilities	(23,186)	-
<b>Net cash flows generated from financing activities</b>	<b>323,776</b>	<b>159,951</b>
<b>Net increase in cash and cash equivalents</b>	<b>576,497</b>	<b>505,644</b>
Effects on exchange rate changes	(1,078)	2,570
<b>Cash and cash equivalents at beginning of the period</b>	<b>613,632</b>	<b>648,257</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,189,051</b>	<b>1,156,471</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	453,555	549,744
Cash in hand and at bank	735,496	614,593
Bank overdrafts	-	(7,866)
	<b>1,189,051</b>	<b>1,156,471</b>

*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 cyclicity 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, there was no buyback of shares, resale nor cancellation of treasury shares. Accordingly, the total number of shares bought back and retained as treasury shares during the interim period remained unchanged at 2,000.

As at 30 September 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:

	<b>Year-to-date ended</b>	
	<b>30.9.2019</b>	<b>30.9.2018</b>
	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



**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
<b><u>Current quarter ended 30 September 2019</u></b>									
<b>Revenue</b>									
External revenue	87,489	567,210	63,350	366,927	541,025	200,560	-	-	1,826,561
Inter-segment revenue	-	5,074	17,584	671	17,186	19,307	-	(59,822)	-
<b>Total revenue</b>	<b>87,489</b>	<b>572,284</b>	<b>80,934</b>	<b>367,598</b>	<b>558,211</b>	<b>219,867</b>	<b>-</b>	<b>(59,822)</b>	<b>1,826,561</b>
<b>Operating profit</b>	<b>3,084</b>	<b>242,264</b>	<b>68,241</b>	<b>(16,034)</b>	<b>10,046</b>	<b>11,299</b>	<b>263</b>	<b>4,662</b>	<b>323,825</b>
Finance costs									(61,704)
Share of results of associates and joint ventures									8,701
<b>Profit before tax</b>									<b>270,822</b>
<b><u>Preceding year quarter ended 30 September 2018</u></b>									
<b>Revenue</b>									
External revenue	65,587	383,930	58,824	418,167	601,362	235,040	-	-	1,762,910
Inter-segment revenue	-	3,654	15,132	486	27,256	17,799	-	(64,327)	-
<b>Total revenue</b>	<b>65,587</b>	<b>387,584</b>	<b>73,956</b>	<b>418,653</b>	<b>628,618</b>	<b>252,839</b>	<b>-</b>	<b>(64,327)</b>	<b>1,762,910</b>
<b>Operating profit</b>	<b>(2,390)</b>	<b>191,818</b>	<b>64,723</b>	<b>5,285</b>	<b>16,623</b>	<b>4,079</b>	<b>11,261</b>	<b>(6,592)</b>	<b>284,807</b>
Finance costs									(41,609)
Share of results of associates and joint ventures									9,691
<b>Profit before tax</b>									<b>252,889</b>

**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
<b>Year-to-date ended 30 September 2019</b>									
<b>Revenue</b>									
External revenue	293,735	1,477,442	183,157	1,071,182	1,711,066	585,629	-	-	5,322,211
Inter-segment revenue	-	14,814	54,131	2,347	56,941	57,139	-	(185,372)	-
<b>Total revenue</b>	<b>293,735</b>	<b>1,492,256</b>	<b>237,288</b>	<b>1,073,529</b>	<b>1,768,007</b>	<b>642,768</b>	<b>-</b>	<b>(185,372)</b>	<b>5,322,211</b>
<b>Operating profit</b>	<b>6,692</b>	<b>650,949</b>	<b>199,017</b>	<b>(14,108)</b>	<b>45,378</b>	<b>23,345</b>	<b>5,191</b>	<b>(53,641)</b>	<b>862,823</b>
Finance costs									(183,018)
Share of results of associates and joint ventures									22,212
<b>Profit before tax</b>									<b>702,017</b>
<b>Segment assets</b>	<b>2,120,556</b>	<b>6,333,009</b>	<b>3,213,504</b>	<b>1,193,484</b>	<b>976,227</b>	<b>1,725,930</b>	<b>746,129</b>	<b>-</b>	<b>16,308,839</b>
<b>Segment liabilities</b>	<b>70,581</b>	<b>1,454,020</b>	<b>2,046,002</b>	<b>414,106</b>	<b>717,627</b>	<b>758,687</b>	<b>2,369,195</b>	<b>-</b>	<b>7,830,218</b>
<b>Year-to-date ended 30 September 2018</b>									
<b>Revenue</b>									
External revenue	294,662	964,748	167,664	1,095,798	1,615,517	682,185	-	-	4,820,574
Inter-segment revenue	-	11,140	43,526	3,102	72,073	47,045	-	(176,886)	-
<b>Total revenue</b>	<b>294,662</b>	<b>975,888</b>	<b>211,190</b>	<b>1,098,900</b>	<b>1,687,590</b>	<b>729,230</b>	<b>-</b>	<b>(176,886)</b>	<b>4,820,574</b>
<b>Operating profit</b>	<b>27,162</b>	<b>566,455</b>	<b>177,222</b>	<b>18,974</b>	<b>48,635</b>	<b>(1,222)</b>	<b>(5,644)</b>	<b>(49,254)</b>	<b>782,328</b>
Finance costs									(123,066)
Other gain item									516,019
Share of results of associates and joint ventures									21,559
<b>Profit before tax</b>									<b>1,196,840</b>
<b>Segment assets</b>	<b>2,072,336</b>	<b>4,870,630</b>	<b>3,009,234</b>	<b>598,123</b>	<b>977,329</b>	<b>1,919,427</b>	<b>1,340,256</b>	<b>-</b>	<b>14,787,335</b>
<b>Segment liabilities</b>	<b>27,664</b>	<b>1,205,856</b>	<b>2,037,804</b>	<b>97,558</b>	<b>777,458</b>	<b>761,413</b>	<b>1,195,103</b>	<b>-</b>	<b>6,102,856</b>

## 8. Events after the end of interim period

Save for the subsequent events as disclosed in Note 10 of Part B, events after the end of the interim period and up to 15 November 2019 that have not been reflected in these financial statements is as follows:-

- (a) On 23 October 2017, \*Malaysian Mosaics Sdn Bhd ["MMSB"], the registered and beneficial owner of all that parcel of 60-year leasehold land which lease is due to expire on 3 April 2060 (with an unexpired term of 43 years) with a provisional titled land area of approximately 12.1406 hectares and actual surveyed area of 12.06 hectares held under H.S.(D) 43799, Lot No. PTD 53638 (New Lot No. 44876), Mukim and District of Kluang, State of Johor Darul Ta'zim [the "Kluang Land"] entered into a sale and purchase agreement ["MMSB SPA"] to dispose of the Kluang Land together with various buildings for the production and manufacturing of floor and wall tiles [the "MMSB Buildings"] erected thereon [the "Kluang Land" and the "MMSB Buildings" are collectively referred to as the "said Property"] to Byorion Sdn Bhd ["Byorion"], a wholly-owned subsidiary of Akal Megah Sdn Bhd which in turn is wholly-owned by Lei Shing Hong Limited, for a cash consideration of RM97.5 million ["MMSB Disposal"].

Simultaneous with the execution of MMSB SPA, MMSB entered into a lease agreement with Byorion ["Lease Agreement"] whereby MMSB as the lessee shall lease back from Byorion as the lessor, the said Property for an initial period of 10 years ["Initial Period"] at a monthly rental of RM337,949.00 with an option to renew for a further term of 10 years subject to the terms contained therein which Initial Period shall commence upon completion of the MMSB SPA ["Leaseback"].

The MMSB SPA was completed on 25 October 2017 with the full purchase consideration paid by Byorion and accordingly, the Leaseback has become effective on the same day.

On 15 November 2019, MMSB and Byorion had entered into a deed of rescission and revocation mutually agreeing to rescind MMSB SPA and the Lease Agreement upon the terms and conditions contained therein due to the inability of Byorion to register the transfer in its favour.

- (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 "Proposed HCMPL Disposal"].

The Proposed HCMPL 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 Proposed HCMPL 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 HCMPL Disposal.

**8. Events after the end of interim period (continued)**

(b) continued

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 Proposed HCMPL Disposal.

The interested or deemed interested directors and shareholders had abstained from voting and that they had ensured that persons connected to them have abstained from voting in respect of their direct and/or indirect shareholdings on the resolution in relation to the Proposed HCMPL Disposal during the extraordinary general meeting of the Company held on 8 November 2019 ["EGM"].

The Proposed HCMPL Disposal was approved by the shareholders during the EGM and completed on 13 November 2019.

- (c) On 17 October 2019, \*Hap Seng Land Development Sdn Bhd incorporated a wholly-owned subsidiary namely, Sierra Ventures Sdn Bhd ["Sierra"]. Sierra has an issued share capital of RM1.00 comprising 1 ordinary share and is currently dormant.
- (d) On 25 October 2019, \*HSC International Limited incorporated a wholly-owned subsidiary in Singapore namely, HSC Manchester Holding Pte Ltd ["HSC Manchester"]. HSC Manchester has an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share and is currently dormant.
- (e) As part of the Group's re-organisation, \*HSC Manchester Holding Limited had on 31 October 2019 transferred 1 ordinary share representing the entire issued and paid-up share capital of \*HS Credit (Manchester) Ltd ["HCML"] to \* HSC Manchester Holding Pte Ltd for a cash consideration of GBP1.00. HCML is a private limited company incorporated in United Kingdom and is currently dormant.

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

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**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 15 November 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 30.9.2019	As at 31.12.2018
	RM'000	RM'000 (Audited)
Contracted but not provided for		
- property, plant and equipment	85,278	36,504
- investment properties	152,812	286,621
	238,090	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 30 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) Proposed HCMPL Disposal as disclosed in Note 8(b) above.

**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 RM1.83 billion was 4% above the preceding year corresponding quarter of RM1.76 billion, mainly attributable to higher revenue from Plantation, Property and Credit Financing Divisions. The Group's operating profit for the current quarter at RM323.8 million was 14% higher than the preceding year corresponding quarter of RM284.8 million, with better results from all divisions except for Automotive and Trading Divisions. Overall, the Group profit before tax ["PBT"] for the current quarter at RM270.8 million was higher than the preceding year corresponding quarter by 7% whilst profit after tax ["PAT"] at RM203.7 million was marginally lower than the preceding year corresponding quarter.

Plantation Division's revenue for the current quarter at RM87.5 million was higher than the preceding year corresponding quarter by 33%, benefitted from higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] but offset somewhat by lower average selling price realization of both products. CPO sales volume for the current quarter was 37,828 tonnes, 62% above the preceding year corresponding quarter whilst PK sales volume was 12% higher at 7,571 tonnes. The higher sales volume of CPO was attributable to higher CPO production and favourable CPO inventory movements whilst PK sales volume benefitted mainly from higher PK production. Production of CPO and PK for the current quarter were higher by 11% and 15% respectively as compared to the preceding year corresponding quarter attributable to higher fresh fruit bunches ["FFB"] production and higher extraction rate for CPO and PK. Current quarter's FFB production was 9% higher than the preceding year corresponding quarter with improvement in FFB yield from seasonal yield trend. Consequently, unit production cost of CPO for the current quarter was lower than the preceding year corresponding quarter. Average selling price of CPO and PK for the current quarter were lower at RM2,038 per tonne and RM1,198 per tonne respectively as compared to the preceding year corresponding quarter of RM2,217 per tonne for CPO and RM1,827 per tonne for PK. Overall, the division registered an operating profit of RM3.1 million for the current quarter as compared to the preceding year corresponding quarter's operating loss of RM2.4 million.

The Property Division's revenue and operating profit for the current quarter at RM572.3 million and RM242.3 million were higher than the preceding year corresponding quarter by 48% and 26% respectively. The improved performance was attributable to higher contribution from property development and construction activities, sale of non-strategic properties as well as better performance from its investment properties segment. Generally, property development and construction activities benefitted from the higher progress completion of its ongoing projects in both Sabah and Klang Valley and higher sales of Aria Residence which was completed in the preceding quarter. The division's investment properties in Kuala Lumpur City Centre and Kota Kinabalu continue to contribute positively to the division's results with healthy occupancy rates and rental yield.

Credit Financing Division's revenue and operating profit for the current quarter were RM80.9 million and RM68.2 million, representing growth of 9% and 5% respectively over the preceding year corresponding quarter. The division's loan base at the end of the current quarter was RM3.86 billion, 2% above the preceding year corresponding quarter of RM3.79 billion. Non-performing loans ratio at the end of the current quarter was 1.62% as compared to 1.68% at end of the preceding year corresponding quarter.

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## 1. Review of performance (continued)

The Automotive Division's revenue for the current quarter at RM367.6 million was 12% lower than the preceding year corresponding quarter mainly affected by lower sales of passenger vehicles but mitigated somewhat by higher sales from its after sales and services segment as well as contribution from its commercial vehicles wholesale distribution and retail businesses. Sales of passenger vehicles in the current quarter was 33% lower due to the soft market conditions in the premium cars segment. In addition, the preceding year corresponding quarter's passenger vehicles sales benefitted from the "tax holiday period" as a consequence of the zero rated Goods and Services Tax from 1 June to 31 August 2018, before the implementation of the new Sales and Service Tax on 1 September 2018. The after sales and services segment recorded 19% increase in revenue contributed by higher throughput mainly due to improved productivity and efficiency as well as wider market coverage of its expanded network of 11 autohauses. The commercial vehicles wholesale distribution and retail businesses which commenced operations in November 2018 and July 2019 respectively contributed 18% to the division's current quarter revenue. Overall, the division incurred an operating loss of RM16 million for the current quarter as compared to an operating profit of RM5.3 million for the preceding year corresponding quarter, affected by lower sales and margins from passenger vehicles coupled with start-up and dealers' network development costs of its commercial vehicles wholesale distribution and retail businesses.

Trading Division which comprises the fertilizers trading and general trading businesses registered revenue of RM558.2 million for the current quarter, 11% lower than the preceding year corresponding quarter of RM628.6 million. Fertilizers trading business' revenue for the current quarter was 15% below the preceding year corresponding quarter due to lower sales volume from all the geographical markets in which it operates, affected by the low palm oil prices. General trading business recorded lower revenue which was 3% below the preceding year corresponding quarter due to slowdown in construction activities. Margins of both fertilizers trading and general trading businesses were also lower due to the competitive market conditions. Consequently, the division operating profit at RM10 million for the current quarter, was 40% below the preceding year corresponding quarter of RM16.6 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 RM219.9 million was 13% lower than the preceding year corresponding quarter of RM252.8 million with lower revenue from MMSB and Hafary but mitigated somewhat by improved sales performance from its quarry, asphalt and bricks businesses. In the current quarter, the division's revenue from quarry, asphalt and bricks businesses was higher than the preceding year corresponding quarter by 2% mainly attributable to higher average selling prices of aggregate products. Revenue from MMSB and Hafary were lower than the preceding year corresponding quarter by 23% and 15% respectively, generally affected by the soft and competitive market environment in which they operate. In spite of this, the division registered higher operating profit of RM11.3 million which was 177% above the preceding year corresponding quarter of RM4.1 million mainly attributable to better margins and lower operating expenses in MMSB, quarry and asphalt businesses following their respective rationalisation exercise in the second half of 2018.

Group PBT and PAT for the year to date at RM702 million and RM511.1 million were lower than the preceding year corresponding period by 41% and 50% as the preceding year corresponding period's PBT and PAT included a gain of RM516.02 million from the disposal of HSC Sydney Holding Limited. Accordingly, profit attributable to owners of the Company for the year to date at RM480.9 million and basic earnings per share for the year to date at 19.32 sen were both 51% 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 3% and 1% respectively 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 2% higher than the preceding year corresponding period.



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

	<b>Current Quarter ended 30.9.2019 RM'000</b>	<b>Immediate Preceding Quarter ended 30.6.2019 RM'000</b>	<b><i>Increase/ (Decrease)</i></b>
Revenue	<u>1,826,561</u>	<u>1,745,803</u>	5%
Operating profit	<u>323,825</u>	<u>250,243</u>	29%
Profit before tax	<u>270,822</u>	<u>191,886</u>	41%

Group PBT for the current quarter at RM270.8 million was 41% higher than the immediate preceding quarter mainly attributable to higher contribution from Plantation, Property, Credit Financing and Building Materials Divisions but offset somewhat by the lower contribution from Automotive and Trading Divisions.

Plantation Division's operating profit of RM3.1 million for the current quarter as compared to the immediate preceding quarter's operating loss of RM4.1 million was mainly due to higher sales volume of CPO with marginally higher average selling price for both CPO and PK. Sales volume of CPO for the current quarter was 9% above the immediate preceding quarter of 34,647 tonnes whilst PK's sales volume was marginally lower than the immediate preceding quarter of 7,596 tonnes. Average selling price per tonne for CPO and PK were 1% and 2% higher than the immediate preceding quarter of RM2,017 and RM1,178 respectively.

Property Division's operating profit for the current quarter at RM242.3 million was 42% higher than the immediate preceding quarter of RM170.2 million mainly due to higher sales of non-strategic properties in the current quarter.

Credit Financing Division's operating profit for the current quarter at RM68.2 million was 2% higher than the immediate preceding quarter of RM67.2 million mainly benefitted from higher loan disbursements in the current quarter.

Building Materials Division's operating profit for the current quarter at RM11.3 million was 70% higher than the immediate preceding quarter of RM6.6 million attributable to higher sales and improved margins from all its business segments.

Automotive Division registered an operating loss of RM16 million for the current quarter as compared to the immediate preceding quarter's operating profit of RM1.4 million mainly due to lower sales and lower margins of passenger vehicles.

Trading Division's operating profit for the current quarter at RM10 million was 46% lower than the immediate preceding quarter of RM18.6 million, affected mainly by lower sales volume and lower margins from its fertilizers trading business but mitigated somewhat by the better performance from its general trading business.

### 3. Current year prospects

Malaysian palm oil inventories at end of September 2019 rose 9% month-on-month to 2.45 million tonnes but declined to a healthier balance of 2.35 million tonnes as at end of October 2019 in tandem with lower crude palm oil production. To support the palm oil industry, both the Malaysian and Indonesian governments have announced in the earlier part of this year that the palm oil content in its domestic biodiesel consumption will be increased to 20% (B20) and 30% (B30) respectively in 2020. The implementation of biodiesel mandates of B20 and B30 in Malaysia and Indonesia respectively would tightened global palm oil supply in 2020 amidst anticipated lower FFB yield trend caused by the dry weather conditions and haze experienced during the year as well as cut back of fertilizer applications by some planters due to low palm oil prices in recent years. This is expected to boost palm oil prices and based on the daily prices published by the Malaysian Palm Oil Board (MPOB), CPO prices have recovered 32% from its low of RM1,834 per tonne in March 2019 to RM2,421 per tonne on 8 November 2019.

Property Division will continue to place concerted efforts to drive sales and progress completion of its current development projects as well as optimising the occupancy rates and rental yield of its investment properties sector. The government's initiative in extending the Home Ownership Campaign to end of 2019 would provide some traction to the housing market and also opportunity for property developers to clear existing stock. The lowering of threshold on high-rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 in 2020 as announced in the recent Budget 2020 is also a positive measure by the government to address the supply overhang of condominiums and apartments.

Credit Financing Division will continue to grow its loan base focusing on term loans with quality collaterals whilst exercising prudence and cautiousness in its business approach in view of the current global and domestic economic environment. Emphasis is placed on managing its cost of funds and funding requirements to improve interest yield as well as ensuring its non-performing loans are at an acceptable level through timely collections and loans recovery.

Automotive Division expects the business environment for both the premium passenger vehicle and commercial vehicle segments to remain competitive and challenging with cautious consumers' spending. Notwithstanding this, the division will continue to grow its market share through its expanded network of autohauses and pre-owned car centres, upgrade its commercial vehicle dealers' network with more dedicated 3S dealerships and improve productivity and efficiency of its after sales and services segment.

Fertilizers demand is expected to improve in tandem with the improvement in CPO prices albeit against a backdrop of a very competitive and challenging trading environment. The general trading business anticipates the slowdown in the construction sector to continue. Notwithstanding this, it will continue to grow its market share whilst managing credit risk and improving trading margins.

Building Materials Division expects improvement to its operating results following the rationalisation exercise of its quarry and asphalt 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 and place concerted efforts on reducing costs to improve profitability. In Singapore, the division's operations via Hafary is anticipated to benefit from the pick-up in renovation activities 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	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	7,392	6,189	14,028	13,100
Dividend income from equity investment at fair value through other comprehensive income	160	180	520	540
Dividend income from equity investment at fair value through profit or loss	2,282	-	9,229	-
Dividend income from money market deposits	3,255	2,376	16,034	3,293
(Loss)/Gain on equity investment at fair value through profit or loss	(3,259)	-	(9,832)	416
Gain on money market deposits at fair value	311	460	1,359	460
Interest expense	(61,704)	(41,609)	(183,018)	(123,066)
Depreciation and amortisation	(56,378)	(47,193)	(167,961)	(140,825)
Net allowance of impairment losses				
- trade receivables	(2,221)	(3,622)	(7,784)	(11,416)
Net inventories written down	(3,627)	(2,775)	(7,384)	(9,652)
Gain on disposal of property, plant and equipment	909	602	5,298	1,502
Property, plant and equipment written off	(1,651)	(878)	(3,110)	(1,792)
Investment property written off	(55)	-	(318)	-
Bad debts written off	-	(53)	(17)	(53)
Net foreign exchange gain	2,653	14,259	6,065	10,109
Loss on hedging activities	-	(104)	-	(448)
Gain/(Loss) on non-hedging derivative instruments	641	(213)	1,882	(1,283)
Gain on fair value of biological assets	7,523	2,027	5,763	6,310
Recovery of bad debts	11	274	379	1,522
Other gain item				
- Gain on disposal of subsidiaries	-	-	-	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.

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**6. Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	80,380	69,841	225,992	197,474
- deferred tax	(12,120)	(13,041)	(34,756)	(14,579)
	<u>68,260</u>	<u>56,800</u>	<u>191,236</u>	<u>182,895</u>
In respect of prior period				
- income tax	(1,146)	(9,697)	(357)	(9,036)
- deferred tax	47	36	47	116
	<u>(1,099)</u>	<u>(9,661)</u>	<u>(310)</u>	<u>(8,920)</u>
	<u>67,161</u>	<u>47,139</u>	<u>190,926</u>	<u>173,975</u>

The Group's effective tax rate for the current quarter and the year to date (excluding over provision of tax in respect of prior period) 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 (excluding over provision of tax in respect of prior period) were lower than the statutory tax rate mainly due to certain gains not subjected to tax.

The over provision of income tax in respect of prior period in the preceding year corresponding quarter and period was partly attributable to the tax incentive in respect of investment tax allowance on the Plantation Division's biogas plant.

**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**

There were no other corporate proposals announced but not completed as at 15 November 2019.

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**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		As at 30 September 2019		Intended Timeframe for Utilisation	Deviation under/(over) spent		Explanation
	Per *Circular RM'000	**Adjusted RM'000	Utilisation RM'000	Balance Unutilised RM'000		RM'000	%	
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) <u>Part finance the cost of property developments in Klang Valley</u>								
(a) <i>Jalan Kia Peng Service Apartment</i>	100,000	100,000	31,984	68,016		-	-	
(b) <i>Menara Hap Seng 3</i>	200,000	200,000	152,666	47,334		-	-	
	300,000	300,000	184,650	115,350		-	-	
(ii) <u>Purchase of inventories</u>								
(a) <i>automobile</i>	20,664	30,293	31,884	-		# (1,591)	(5)	
(b) <i>fertilisers</i>	30,000	30,000	30,000	-		-	-	
(c) <i>building materials such as steel bars, wire mesh and cement</i>	30,000	30,000	30,000	-		-	-	
	80,664	90,293	91,884	-	(1,591)	(5)		
	380,664	390,293	276,534	115,350	(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	665,443	115,350	-	-		

\* 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:

<u>Purpose</u>	As at 30 September 2019			<u>Intended Timeframe for Utilisation</u>	<u>Deviation under/(over) spent</u>		<u>Explanation</u>
	<u>Proposed Utilisation</u> RM'000	<u>Utilisation</u> RM'000	<u>Balance Unutilised</u> RM'000		RM'000	%	
Working capital requirements:							
<u>Loan disbursements of HSCSB's credit financing division</u>							
(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		-	-	
	<u>905,500</u>	<u>-</u>	<u>905,417</u>		<u>-</u>	<u>-</u>	
Estimated expenses	500	583	-		(83)	(17)	over spent was set-off against the balance unutilised for working capital requirement under item (e) #
	<u>906,000</u>	<u>583</u>	<u>905,417</u>		<u>(83)</u>		

**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 30.9.2019					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
<u>Current</u>						
<u>Secured</u>						
- Term loans	-	-	14,136	-	-	14,136
- Revolving credits	-	-	108,831	-	-	108,831
- Trust receipts	-	90	32,783	20,715	-	53,588
- Finance leases	-	-	591	-	-	591
	-	90	156,341	20,715	-	177,146
<u>Unsecured</u>						
- Term loans	322,667	125,670	122,530	-	-	570,867
- Revolving credits	1,257,694	293,625	-	-	80,837	1,632,156
- Bankers' acceptances	448,440	2,455	-	-	-	450,895
	2,028,801	421,750	122,530	-	80,837	2,653,918
<b>Total current borrowings</b>	<b>2,028,801</b>	<b>421,840</b>	<b>278,871</b>	<b>20,715</b>	<b>80,837</b>	<b>2,831,064</b>
<u>Non-current</u>						
<u>Secured</u>						
- Term loans	-	-	240,195	-	-	240,195
- Finance leases	-	-	609	-	-	609
	-	-	240,804	-	-	240,804
<u>Unsecured</u>						
- Term loans	704,832	705,640	-	-	-	1,410,472
- Medium term notes	1,690,000	-	-	-	-	1,690,000
	2,394,832	705,640	-	-	-	3,100,472
<b>Total non-current borrowings</b>	<b>2,394,832</b>	<b>705,640</b>	<b>240,804</b>	<b>-</b>	<b>-</b>	<b>3,341,276</b>
<b>Total borrowings</b>	<b>4,423,633</b>	<b>1,127,480</b>	<b>519,675</b>	<b>20,715</b>	<b>80,837</b>	<b>6,172,340</b>

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 RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	RMB RM'000	Total RM'000
<b>Current</b>							
<b>Secured</b>							
- 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
<b>Unsecured</b>							
- 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
<b>Total current borrowings</b>	<b>2,020,810</b>	<b>244,960</b>	<b>166,001</b>	<b>28,835</b>	<b>155,884</b>	<b>1,940</b>	<b>2,618,430</b>
<b>Non-current</b>							
<b>Secured</b>							
- Term loans	-	-	250,804	-	-	-	250,804
- Finance leases	-	-	991	-	-	-	991
	-	-	251,795	-	-	-	251,795
<b>Unsecured</b>							
- 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
<b>Total non-current borrowings</b>	<b>1,715,734</b>	<b>720,534</b>	<b>374,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,810,553</b>
<b>Total borrowings</b>	<b>3,736,544</b>	<b>965,494</b>	<b>540,286</b>	<b>28,835</b>	<b>155,884</b>	<b>1,940</b>	<b>5,428,983</b>

*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 than 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, 8 March 2019 and 19 September 2019.

The Consolidated RESB Suit has been fixed for continued hearing on 22 to 24 January 2020 and 6 to 7 February 2020.

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 than 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, 8 March 2019 and 19 September 2019.

The Consolidated RESB Suit has been fixed for continued hearing on 22 to 24 January 2020 and 6 to 7 February 2020.

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 September 2019 are as follows:

	<b>Contract/ Notional Value</b>	<b>Fair Value: Assets/ (Liabilities)</b>	<b>Gain/(loss) On Derivative Instruments</b>	<b>Gain/(loss) On Hedged Items</b>	<b>Net Gain/(loss)</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward currency contracts					
of less than 1 year (USD/Euro)					
- Designated as hedging instruments*	216,114	586	696	(393)	303
- Not designated as hedging instruments	129,620	96	2,935	(1,053)	1,882
	<u>345,734</u>	<u>682</u>	<u>3,631</u>	<u>(1,446)</u>	<u>2,185</u>
Cross currency interest rate swaps					
on foreign currency borrowings					
of 1 year to 2 years (USD)					
- Designated as hedging instruments*	884,818	18,914	7,484	(6,980)	504

\* *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.

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**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 September 2019 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	2,643,011	134	2,643,145
(b) To individuals	342,229	1,182	343,411
(c) To companies within the listed issuer group	430,704	447,247	877,951
(d) To related parties	-	-	-
	3,415,944	448,563	3,864,507

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

	As at 30.9.2019 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	1,879,971
	1,879,971

- (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	26,995
(c) Loans reclassified as performing during the financial year	(11,133)
(d) Amount recovered	(12,769)
(e) Amount written off	(1,485)
(f) Loans converted to securities	-
(g) Balance as at 30.9.2019	62,519
(h) Ratio of net loans in default to net loans	1.62%

**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)
1 <sup>st</sup>	Term Loan	420,000	419,575	Yes	467,834	Yes*	3 - 72
2 <sup>nd</sup>	Term Loan	247,000	213,101	No	-	Yes*	36
3 <sup>rd</sup>	Term Loan	262,000	146,326	No	-	Yes*	3 - 30
4 <sup>th</sup>	Term Loan	130,000	131,440	Yes	349,000	No	84
5 <sup>th</sup>	Term Loan	108,700	80,745	No	-	Yes*	36 - 60

\* 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	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Profit attributable to owners of the Company (RM'000)	193,140	190,694	480,911	989,362
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	2,489,670	2,489,674	2,489,671	2,489,675
Basic EPS (sen)	7.76	7.66	19.32	39.74

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

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## 15. Dividend

Dividends for the current financial year ending 31 December 2019 are as follows:

- (a) first interim dividend of 15 sen (2018: 15 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 31 May 2019 and paid on 26 June 2019;
- (b) the Board of Directors has on even date approved the following second interim dividend for the financial year ending 31 December 2019:
- |       |   |   |
|-------|---|---|
| (i)   | Amount per ordinary share<br>- Second Interim Dividend  | 20 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.  |
| (ii)  | Previous year corresponding period:<br>Amount per ordinary share<br>- Second Interim Dividend   | 20 sen per ordinary share under the single tier system which was tax exempt in the hands of the shareholders.   |
| (iii) | Total dividend approved to date for<br>the current financial year:<br>Amount per ordinary share | 35 sen comprising first interim dividend of 15 sen and second interim dividend of 20 sen (2018: 35 sen comprising first interim dividend of 15 sen and second interim dividend of 20 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. |
- (c) The dividend will be payable in cash on 18 December 2019; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 5 December 2019.

### NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

**NOTICE IS HEREBY GIVEN** that a second interim dividend of 20 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2019, will be payable in cash on 18 December 2019 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 5 December 2019. A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on 3 December 2019 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4.30 p.m. on 5 December 2019 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad (Bursa Securities) on a cum entitlement basis according to the rules of the Bursa Securities.

**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  
21 November 2019