CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020

	Quarter ended			Year-to-date ended		
	30.9.2020 RM'000	**30.9.2019** RM'000	***Increase/ (Decrease)***	**30.9.2020** RM'000	**30.9.2019** RM'000	***Increase/ (Decrease)***
Revenue	1,661,690	1,826,561	*(9%)*	4,126,267	5,322,211	*(22%)*
Operating expenses	(1,409,987)	(1,528,378)		(3,504,434)	(4,545,299)	
Other operating income	80,231	25,642		158,867	85,911	
Operating profit	331,934	323,825	*3%*	780,700	862,823	*(10%)*
Finance costs	(60,156)	(61,704)		(189,248)	(183,018)	
Share of results of associates and joint ventures	6,474	8,701		13,738	22,212	
Profit before tax	278,252	270,822	*3%*	605,190	702,017	*(14%)*
Tax expense	(67,046)	(67,161)		(184,371)	(190,926)	
Profit for the period	211,206	203,661	*4%*	420,819	511,091	*(18%)*
Profit attributable to:						
Owners of the Company	193,734	193,140	*0.3%*	398,189	480,911	*(17%)*
Non-controlling interests	17,472	10,521		22,630	30,180	
	211,206	203,661		420,819	511,091	
Earnings per share (sen)						
Basic	7.78	7.76	*0.3%*	15.99	19.32	*(17%)*
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 2019 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 2020

	Quarter ended		Year-to-date ended	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	211,206	203,661	420,819	511,091
Other comprehensive (expense)/income net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(1,401)	(8,384)	(5,239)	(7,515)
Share of foreign currency translation differences of associates and joint ventures	(6,381)	1,946	(3,416)	12,106
Change in fair value of cash flow hedge	1,359	1,912	(860)	807
Total other comprehensive (expense)/income for the period	(6,423)	(4,526)	(9,515)	5,398
Total comprehensive income for the period	204,783	199,135	411,304	516,489
Total comprehensive income attributable to:				
Owners of the Company	189,052	189,666	387,920	486,730
Non-controlling interests	15,731	9,469	23,384	29,759
	204,783	199,135	411,304	516,489

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2020

	As at 30.9.2020 RM'000	As at 31.12.2019 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	3,439,504	3,529,565
Investment properties	1,893,810	1,851,957
Investment in associates	459,876	469,185
Investment in joint ventures	8,180	8,760
Land held for property development	1,353,238	1,311,767
Intangible assets	42,264	43,803
Trade and other receivables	1,781,417	2,187,918
Other financial assets	16,596	21,091
Deferred tax assets	98,133	70,634
	9,093,018	9,494,680
Current assets		
Inventories	1,343,860	1,779,121
Property development costs	1,108,922	1,084,535
Biological assets	27,968	25,714
Trade and other receivables	2,023,520	2,104,925
Contract assets	602,358	461,935
Tax recoverable	33,446	32,577
Other financial assets	75,206	81,835
Money market deposits	2,357,185	1,217,369
Cash and bank balances	1,070,889	1,090,193
	8,643,354	7,878,204
TOTAL ASSETS	17,736,372	17,372,884

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 30 SEPTEMBER 2020

	As at 30.9.2020 RM'000	As at 31.12.2019 RM'000 *(Audited)*
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	3,971,612	3,820,725
	7,491,166	7,340,279
Less: Treasury shares	(113)	(113)
	7,491,053	7,340,166
Non-controlling interests	1,167,731	1,278,690
TOTAL EQUITY	8,658,784	8,618,856
Non-current liabilities		
Payables and provisions	189,939	184,115
Borrowings	3,612,737	2,953,537
Lease liabilities	106,455	111,134
Other financial liabilities	-	2,267
Deferred tax liabilities	484,357	480,207
	4,393,488	3,731,260
Current liabilities		
Payables and provisions	1,156,163	1,419,847
Contract liabilities	11,503	42,177
Tax payable	155,148	91,630
Borrowings	3,320,312	3,427,649
Lease liabilities	26,337	27,189
Other financial liabilities	14,637	14,276
	4,684,100	5,022,768
TOTAL LIABILITIES	9,077,588	8,754,028
TOTAL EQUITY AND LIABILITIES	17,736,372	17,372,884
Net assets per share (RM)	3.01	2.95
Number of shares net of treasury shares ('000)	2,489,670	2,489,670

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2020

	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 2020	3,519,554	151,604	3,669,121	(113)	7,340,166	1,278,690	8,618,856
Profit for the period	-	-	398,189	-	398,189	22,630	420,819
Total other comprehensive expense for the period	-	(10,269)	-	-	(10,269)	754	(9,515)
Total comprehensive income for the period	-	(10,269)	398,189	-	387,920	23,384	411,304
Changes in ownership interest in subsidiaries	-	-	11,934	-	11,934	(116,668)	(104,734)
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid/payables to non-controlling interests	-	-	-	-	-	(17,675)	(17,675)
At 30 September 2020	3,519,554	141,335	3,830,277	(113)	7,491,053	1,167,731	8,658,784
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	-	-	(8,600)	-	(8,600)	(3,035)	(11,635)
- As restated	3,519,554	119,629	3,377,698	(93)	7,016,788	1,268,320	8,285,108
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)
At 30 September 2019	3,519,554	125,448	3,485,159	(113)	7,130,048	1,289,005	8,419,053

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 2019 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 2020

	Year-to-date ended	
	30.9.2020	**30.9.2019**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	605,190	702,017
Adjustments for:		
Non-cash items	192,820	188,376
Non-operating items	(14,457)	(27,510)
Dividend income	(28,905)	(25,783)
Net interest expense	160,056	168,990
Operating profit before working capital changes	914,704	1,006,090
Net changes in working capital	211,690	(151,563)
Net changes in loan receivables	136,324	(221,538)
Net tax paid	(145,875)	(132,481)
Net interest paid	(178,336)	(198,036)
Net changes in land held for property development	32,550	(250,011)
Net cash flows generated from operating activities	971,057	52,461
Cash flows from investing activities		
Dividends received from associates	20,348	21,481
Dividends received from equity investments at fair value through other comprehensive income	-	480
Dividends received from equity investments at fair value through profit or loss	3,560	9,229
Dividends received from money market deposits	24,895	15,985
Profit guarantee shortfall received from holding company	91,851	175,307
(Increase)/Decrease in money market deposits	(1,142,046)	310,942
Acquisition of shares from non-controlling interests	(112,361)	-
Proceeds from disposal of interest in a subsidiary	7,618	-
Proceeds from issuance of shares to non-controlling interests	9	-
Investment in joint venture	-	(1,900)
Proceeds from disposal of property, plant and equipment	2,552	17,453
Proceeds from disposal of equity investment at fair value through profit or loss	-	117,163
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)
Purchase of property, plant and equipment	(92,279)	(118,677)
Additions to investment properties	(57,200)	(145,529)
Net cash flows (used in)/generated from investing activities	(1,253,053)	200,260
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(265,036)	(382,521)
Net drawdown of borrowings	549,305	729,506
Shares repurchased at cost	-	(23)
Payment of lease liabilities	(24,095)	(23,186)
Net cash flows generated from financing activities	260,174	323,776
Net (decrease)/increase in cash and cash equivalents	(21,822)	576,497
Effects on exchange rate changes	2,518	(1,078)
Cash and cash equivalents at beginning of the period	1,090,193	613,632
Cash and cash equivalents at end of the period	1,070,889	1,189,051

Cash and cash equivalents comprise the following amounts:

Deposits with licensed banks	381,518	453,555
Cash in hand and at bank	689,371	735,496
Bank overdrafts	-	-
	1,070,889	1,189,051

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019.

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 2019 except for segment information which has been changed by combining the ceramic tiles business (previously included in the Building Materials segment) into Trading segment. This is to reflect the changes in the basis of internal reports which are regularly reviewed by the management of the Group in order to allocate resources to the segment and assess its performance. Accordingly, the comparatives for segment information have been restated to conform with the current year presentation.

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**

During the current quarter, there was no buyback of shares, resale nor cancellation of treasury shares.

As at 30 September 2020, 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	
	30.9.2020	**30.9.2019**
	RM'000	RM'000
Dividend in respect of financial year ended 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
Dividend in respect of financial year ending 31 December 2020:		
- first interim (10 sen) under the single tier system approved by the Directors on 29 May 2020 and paid on 24 June 2020	248,967	-
	248,967	373,450

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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 September 2020									
Revenue									
External revenue	128,895	456,244	55,295	504,915	418,944	97,397	-	-	1,661,690
Inter-segment revenue	-	6,038	14,112	2,690	23,339	12,009	-	(58,188)	-
Total revenue	128,895	462,282	69,407	507,605	442,283	109,406	-	(58,188)	1,661,690
Operating profit	34,520	228,927	45,139	(11,528)	1,976	12,491	37,023	(16,614)	331,934
Finance costs									(60,156)
Share of results of associates and joint ventures									6,474
Profit before tax									278,252
Preceding year quarter ended 30 September 2019									
Revenue									
External revenue	87,489	567,210	63,350	366,927	606,369	135,216	-	-	1,826,561
Inter-segment revenue	-	5,074	17,584	671	18,562	15,138	-	(57,029)	-
Total revenue	87,489	572,284	80,934	367,598	624,931	150,354	-	(57,029)	1,826,561
Operating profit	3,084	242,264	68,241	(16,034)	8,157	13,188	263	4,662	323,825
Finance costs									(61,704)
Share of results of associates and joint ventures									8,701
Profit before tax									270,822

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 September 2020									
Revenue									
External revenue	314,326	1,177,905	170,581	974,052	1,250,708	238,695	-	-	4,126,267
Inter-segment revenue	-	21,236	44,308	7,512	63,181	26,738	-	(162,975)	-
Total revenue	314,326	1,199,141	214,889	981,564	1,313,889	265,433	-	(162,975)	4,126,267
Operating profit	60,155	618,151	170,960	(40,770)	2,485	1,308	37,590	(69,179)	780,700
Finance costs									(189,248)
Share of results of associates and joint ventures									13,738
Profit before tax									605,190
Segment assets	2,182,869	6,328,627	3,025,135	916,522	1,161,943	1,097,493	2,424,148	-	17,136,737
Segment liabilities	71,258	1,502,048	1,742,926	295,920	614,901	520,462	3,690,568	-	8,438,083
Year-to-date ended 30 September 2019									
Revenue									
External revenue	293,735	1,477,442	183,157	1,071,182	1,912,595	384,100	-	-	5,322,211
Inter-segment revenue	-	14,814	54,131	2,347	69,665	45,613	-	(186,570)	-
Total revenue	293,735	1,492,256	237,288	1,073,529	1,982,260	429,713	-	(186,570)	5,322,211
Operating profit	6,692	650,949	199,017	(14,108)	40,191	28,532	5,191	(53,641)	862,823
Finance costs									(183,018)
Share of results of associates and joint ventures									22,212
Profit before tax									702,017
Segment assets	2,120,556	6,333,009	3,213,504	1,193,484	1,472,568	1,229,589	746,129	-	16,308,839
Segment liabilities	70,581	1,454,020	2,046,002	414,106	791,365	684,949	2,369,195	-	7,830,218

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

Save for the subsequent events disclosed in Note 10 of Part B, event after the end of the interim period and up to 20 November 2020 that have not been reflected in these interim financial statements is as follows:-.

On 19 October 2020, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of the Company incorporated a wholly-owned subsidiary namely, Caliber Suncity Sdn Bhd ["Caliber Suncity"]. Caliber Suncity, with an issued share capital of RM1.00 comprising 1 ordinary share, is currently dormant.

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 15 January 2020, *Hap Seng Land Development Sdn Bhd subscribed 35,999 ordinary shares representing 80% of the issued share capital of Sierra Ventures Sdn Bhd ["Sierra"]. With the aforesaid subscription, Sierra became an 80%-owned subsidiary of the Company.

(b) On 22 January 2020, *Hap Seng Auto Sdn Bhd incorporated a wholly-owned subsidiary namely, Hap Seng Body & Paint Sdn Bhd (*formerly known as Empire Translink Sdn Bhd*) ["HSBP"]. HSBP, with an issued share capital of RM1.00 comprising 1 ordinary share, is currently dormant.

(c) On 11 February 2020, *HSC International Limited incorporated four wholly-owned subsidiaries in Singapore namely, HSC London Holding Pte Ltd, HSC Leeds Holding Pte Ltd, HSC Bristol Holding Pte Ltd and HSC Nottingham Holding Pte Ltd. All the subsidiaries have an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share and are principally involved in investment holding.

(d) On 26 February 2020, *HSC London Holding Pte Ltd incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (London) Ltd ["HC London"]. HC London, with an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share, is currently dormant.

(e) On 26 February 2020, *HSC Leeds Holding Pte Ltd incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (Leeds) Ltd ["HC Leeds"]. HC Leeds, with an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share, is currently dormant.

(f) On 26 February 2020, *HSC Bristol Holding Pte Ltd incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (Bristol) Ltd ["HC Bristol"]. HC Bristol, with an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share, is currently dormant.

(g) On 26 February 2020, *HSC Nottingham Holding Pte Ltd incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (Nottingham) Ltd ["HC Nottingham"]. HC Nottingham, with an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share, is currently dormant.

(h) On 5 March 2020, *Hap Seng Realty Sdn Bhd incorporated a wholly-owned subsidiary namely, Prosperity Sunland Sdn Bhd ["Prosperity Sunland"]. Prosperity Sunland, with an issued share capital of RM1.00 comprising 1 ordinary share, is principally involved in property investment.

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 (continued)**

(i) On 12 March 2020, *Hap Seng Land Development (Balakong) Sdn Bhd incorporated a wholly-owned subsidiary namely, Sunrise Strategy Sdn Bhd ["Sunrise Strategy"]. Sunrise Strategy, with an issued share capital of RM1.00 comprising 1 ordinary share, is currently dormant.

(j) On 20 May 2020, *Hap Seng Land Development Sdn Bhd ["HSLD"] incorporated a wholly-owned subsidiary namely, Future Golden Development Sdn Bhd ["FGD"]. FGD, with an issued share capital of RM1.00 comprising 1 ordinary share, is principally involved in property development.

(k) On 25 August 2020, *Hap Seng Realty Sdn Bhd entered into a share sale agreement to acquire the remaining 1,130,000 ordinary shares representing 20% of the issued share capital of Desa Alam Mewah Sdn Bhd ["Desa Alam"] from Jinee Sdn Bhd, for a cash consideration of RM2,470,983.26. Desa Alam is principally involved in property investment. With completion of the aforesaid acquisition on 10 September 2020, Desa Alam became a wholly-owned subsidiary of the Company.

(l) On 28 September 2020, Hafary Pte Ltd ["HPL"], a wholly-owned subsidiary of Hafary Holdings Limited ["Hafary"], which is a 50.82% owned subsidiary of *Hap Seng Investment Holdings Pte Ltd, incorporated a wholly-owned subsidiary namely, Hafary Trading Sdn Bhd ["HTSB"] in Malaysia. HTSB, with an issued share capital of RM1.00 comprising 1 ordinary share, is currently dormant.

(m) On 30 September 2020, *Hap Seng Building Materials Holdings Sdn Bhd acquired the remaining 4,800,000 ordinary shares representing 30% of the issued share capital of Hap Seng Seri Alam Sdn Bhd ["HSSA"] from Seri Alam Properties Sdn Bhd for a cash consideration of RM1.00. HSSA is principally involved in operation of stone quarry. With the aforesaid acquisition, HSSA became a wholly-owned subsidiary of the Company.

(n) During the current quarter, the Company disposed of 4,446,100 ordinary shares representing approximately 0.56% of equity interest in Hap Seng Plantations Holdings Berhad ["HSP" or "HSP Shares"] via open market at an average price of RM1.71 per share. HSP is the Company's subsidiary listed on Bursa Malaysia Securities Berhad.

As at the end of the interim period, the Company's shareholding in HSP stood at 60.75% after acquiring 66,074,500 HSP shares during the interim period and disposing of 4,446,100 HSP shares during the current quarter.

* *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 20 November 2020.

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 30.9.2020	As at 31.12.2019
	RM'000	RM'000
		(Audited)
Contracted but not provided for		
- property, plant and equipment	290,516	67,500
- investment properties	54,215	52,073
	344,731	119,573

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 2019 and 2 July 2020.

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

1. **Review of performance**

Malaysia's economy has gradually improved in the current quarter after a sharp decline in the previous quarter, with the resumption of economic activities across the various sectors and positive effects from the various stimulus packages introduced by the government including PENJANA ["Pelan Jana Semula Ekonomi Negara" or Short-Term Economic Recovery Plan]. However, the momentum of business recovery is still tentative amid the ongoing prolonged Covid-19 pandemic.

The Group's revenue for the current quarter at RM1.66 billion was 9% lower than the preceding year corresponding quarter of RM1.83 billion mainly due to lower contribution from all divisions except Plantation and Automotive Divisions. Group's operating profit for the current quarter was 3% higher at RM331.9 million as compared to preceding year corresponding quarter of RM323.8 million with significant improvement in operating profit from the Plantation Division dampened slightly by lower contribution from other divisions. Consequently, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM278.3 million and RM211.2 million were higher than the preceding year corresponding quarter by 3% and 4% respectively.

Plantation Division's revenue for the current quarter at RM128.9 million, 47% higher than the preceding year corresponding quarter mainly attributable to higher average selling prices realisation and higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"]. Average selling price of CPO and PK for the current quarter were higher at RM2,753 per tonne and RM1,560 per tonne respectively as compared to the preceding year corresponding quarter of RM2,038 per tonne for CPO and RM1,198 per tonne for PK. CPO sales volume for the current quarter at 41,057 tonnes was 9% above the preceding year corresponding quarter whilst PK sales volume was 19% higher at 9,020 tonnes, mainly benefitted from higher CPO and PK production. Production of CPO and PK for the current quarter were higher by 7% and 12% respectively as compared to the preceding year corresponding quarter attributable to higher fresh fruit bunches ["FFB"] production as well as higher FFB purchased but offset slightly by lower extraction rate for CPO. Current quarter's FFB production was 9% higher than the preceding year corresponding quarter with improvement in FFB yield due to seasonal yield trend. The higher production has also resulted in lower unit production cost for CPO. Consequently, operating profit for the current quarter at RM34.5 million was significantly above the preceding year corresponding quarter of RM3.1 million.

Property Division's revenue for the current quarter at RM462.3 million was 19% lower than the preceding year corresponding quarter of RM572.3 million, due to lower contribution from construction activities and lower sales of non-strategic properties but mitigated somewhat by higher sales of completed project stocks and higher contribution from its investment properties segment. The improvement in the investment properties segment was mainly contributed by its investment property, Menara Hap Seng 3 which was completed with certificate of completion and compliance in March 2020. The slower construction activities at the Shah Alam Industrial Hub and the ongoing property development projects in both Sabah and Klang Valley were affected by the stringent standard operating procedures imposed by the authorities to ensure the safety and health security of workers prior to recommencement of activities amid the Covid-19 pandemic. The resumption of activities was also affected by labour shortages. Overall, the division's operating profit for the current quarter at RM228.9 million was 6% lower than the preceding year corresponding quarter of RM242.3 million.

Credit Financing Division continues to exercise prudence with more stringent credit risk assessment in its loan approval process in view of the economic uncertainties arising from the Covid-19 pandemic. As a consequence, total loan disbursements for the current quarter was 51% below the preceding year corresponding quarter whilst the loan base at the end of the current quarter was RM3.61 billion, 6% below the preceding year corresponding quarter of RM3.86 billion. The Covid-19 pandemic has also affected certain sectors in the division's loan portfolio and resulted in higher non-performing loans ratio of 2.46% at the end of the current quarter as compared to 1.62% at the end of the preceding year corresponding quarter. Consequently, revenue for the current quarter at RM69.4 million was 14% lower than the preceding year corresponding quarter of RM80.9 million and operating profit for the current quarter at RM45.1 million was 34% lower than the preceding year corresponding quarter of RM68.2 million, also impacted by higher collective impairment on its loan portfolio.

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

Automotive Division's revenue for the current quarter at RM507.6 million was 38% higher than the preceding year corresponding quarter of RM367.6 million attributable to improved performance from both the passenger car and commercial vehicle segments. Sales of passenger cars in the current quarter were 48% above the preceding year corresponding quarter with improvement in average gross profit margin due to sales mix. The number of new passenger cars sold increased by 45%, benefitted from the sales tax exemption for new vehicles from 15 June 2020 to 31 December 2020 granted by the government under PENJANA. The after sales and services segment recorded 11% increase in revenue with 7% increase in throughput. The commercial vehicle segment comprises wholesale distribution and retail businesses registered higher sales by 21% as compared to the preceding year corresponding quarter due to higher volume of Fuso trucks sold but its profit margin was negatively affected by the strengthening of the Japanese Yen against Ringgit Malaysia on its purchases. Overall, the division incurred lower operating loss at RM11.5 million as compared to the preceding year corresponding quarter's operating loss of RM16 million.

Trading Division comprises the fertilizers trading and general trading businesses as well as the ceramic tiles business under Malaysian Mosaics Sdn Bhd ["MMSB"]. The division registered lower revenue from all its businesses in the current quarter at RM442.3 million, 29% below the preceding year corresponding quarter of RM624.9 million. Fertilizers trading business' revenue for the current quarter at RM296 million was 20% below the preceding year corresponding quarter, affected by lower sales volume and lower average selling prices from the Malaysian operations but mitigated somewhat by better performance from its Indonesian operations. General trading business and MMSB continue to be affected by the weak demand amid the Covid-19 pandemic and registered lower revenue for the current quarter of RM94.2 million and RM52 million which were lower than the preceding year corresponding quarter by 50% and 22% respectively. Consequently, the division's operating profit for the current quarter at RM2 million was 76% below the preceding year corresponding quarter of RM8.2 million.

Building Materials Division comprises the quarry, asphalt and bricks businesses and trading of building materials by Hafary Holdings Limited ["Hafary"]. In the current quarter, all business operations of the division continued to be affected by the slow pick-up in construction activities in both Malaysia and Singapore amid the Covid-19 pandemic. Revenue from quarry, asphalt and bricks businesses for the current quarter at RM45.2 million was 37% lower than the preceding year corresponding quarter of RM71.6 million whilst Hafary's revenue for the current quarter at RM64.2 million was 19% below the preceding year corresponding quarter of RM78.7 million. Consequently, the division's revenue for the current quarter was RM109.4 million, 27% below the preceding year corresponding quarter of RM150.4 million and operating profit for the current quarter at RM12.5 million was 5% below the preceding year corresponding quarter of RM13.2 million.

Overall, Group PBT and PAT for the year to date at RM605.2 million and RM420.8 million were lower than the preceding year corresponding period by 14% and 18% respectively. Accordingly, profit attributable to owners of the Company and basic earnings per share for the year to date at RM398.2 million and 15.99 sen respectively were both 17% lower 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 30.9.2020 RM'000	Immediate Preceding Quarter ended 30.6.2020 RM'000	*Increase/ (Decrease)*
Revenue	1,661,690	989,576	*68%*
Operating profit	331,934	156,998	*>100%*
Profit before tax	278,252	92,639	*>100%*

The Group PBT for the current quarter at RM278.3 million tripled that of the immediate preceding quarter of RM92.6 million with higher contribution from most of the divisions.

Generally, in the current quarter, the Group's business activities in Malaysia have resumed during the Recovery Movement Control Order period which was implemented on 10 June 2020 and compared favourably to the immediate preceding quarter which was affected by the Movement Control Order and Conditional Movement Control Order. In Singapore, the Circuit Breaker ended on 1 June 2020 and economic activities have also gradually picked up.

Plantation Division's operating profit for the current quarter at RM34.5 million was 8% higher than the immediate preceding quarter of RM32 million which included the gain arising from the sale of several parcels of agriculture land and fixtures thereon to the Property Division. Excluding the aforesaid gain, the operating profit for the current quarter was 80% higher than the immediate preceding quarter. The significant improvement in the current quarter was due to higher sales volume and higher average selling price for CPO and PK. Sales volume of CPO and PK for the current quarter were 33% and 16% higher than the immediate preceding quarter of 30,821 tonnes and 7,744 tonnes respectively mainly attributable to higher production of CPO and PK in tandem with higher FFB production. FFB production for the current quarter was 14% above the immediate preceding quarter attributable to improved FFB yield due to seasonal yield trend. Average selling price per tonne of CPO and PK were 19% and 13% higher than the immediate preceding quarter of RM2,321 and RM1,382 respectively.

Property Division's operating profit for the current quarter at RM228.9 million was 63% higher than the immediate preceding quarter of RM140.4 million mainly due to higher sales of non-strategic properties and completed project stocks. The higher progress completion of its property development projects and construction activities at the Shah Alam Industrial Hub also contributed to the higher operating profit in the current quarter.

Automotive Division registered lower operating loss of RM11.5 million for the current quarter as compared to the immediate preceding quarter's operating loss of RM19.2 million. The better performance was attributable to higher number of cars sold, benefitted from the sales tax exemption introduced by the government but dampened somewhat by lower average gross profit margins from commercial vehicle segment which was affected by the strengthening of the Japanese Yen against Ringgit Malaysia on its purchases.

Trading Division's operating profit for the current quarter was RM2 million as compared to the immediate preceding quarter's operating loss of RM15.6 million. The improvement was mainly attributable to higher sales volume from its general trading and ceramic tiles businesses as well as improved gross profit margins from its fertilizers trading business due to higher average selling price achieved. The operating loss in the immediate preceding year corresponding quarter was also affected by adverse foreign exchange fluctuations in the fertilizers trading business.

Building Materials Division recorded significant improvement in the current quarter with operating profit of RM12.5 million as compared to an operating loss of RM16.6 million in the immediate preceding quarter. This was mainly attributable to higher sales from all its businesses in both Malaysia and Singapore as business activities resumed gradually during the current quarter.

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

Credit Financing Division's operating profit for the current quarter at RM45.1 million was 23% lower than the immediate preceding quarter of RM58.8 million due to lower loan disbursements and lower loan base as the division continues to be prudent in its loan approval process in view of the current economic uncertainties. In addition, the current quarter results were also affected by the higher collective impairment on its loan portfolio.

3. **Current year prospects**

The Monetary Policy Committee ("MPC") in its meetings in September 2020 and November 2020 has decided to maintain the Overnight Policy Rate ["OPR"] at 1.75%. According to the MPC, the introduction of targeted measures to contain Covid-19 in several states could affect the momentum of recovery in the fourth quarter and the cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy.

In the Economic Outlook 2021 report released by the Malaysian Ministry of Finance on 6 November 2020 with respect to the domestic economy, it was stated that, "In 2020, the economy is expected to contract by 4.5%. The impact of the packages is anticipated to have spill-over effects and provide an additional boost to the economy in 2021. With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% and 7.5% in 2021. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand."

Following a surge in new Covid-19 cases in the beginning of the fourth quarter, the government has re-enforced the Conditional Movement Control Order ["CMCO"] in Sabah, Selangor, Kuala Lumpur and Putrajaya in October 2020 and has now extended to the entire country (except for Perlis, Pahang and Kelantan) from 10 November until 6 December 2020. Accordingly, the Group operations in the balance of the year 2020 will continue to be influenced by the global and domestic economic conditions and the Covid-19 pandemic situation.

CPO prices continue to be on the uptrend in October 2020 ranging from RM2,841 per tonne to a high of RM3,250 per tonne at the end of October 2020 driven by concerns that palm oil supply from Malaysia may be lower than expected due to the Covid-19 pandemic situation in Sabah and the La-Nina weather phenomenon which may disrupt the supply of soybean and other oilseeds in 2021 leading to buyers switching to palm oil. According to the update by the World Meteorological Organization published on 29 October 2020, La Nina has developed and is expected to be moderate to strong, affecting temperatures, precipitation and storm patterns in many parts of the world with 90% probability that it will continue to January 2021. Generally, the La Nina weather phenomenon will bring above-normal rainfall to Southeast Asia, South Africa, India, and Australia whilst drier weather will be experienced in Argentina, Europe, Brazil, and the southern US. The increased rainfall in the principal crude palm oil producing regions of Indonesia and Malaysia is expected to benefit palm oil production in 2021. In Brazil and other parts of South America, which are major soybean producing regions, the drier weather has delayed soybean planting and may potentially affects yields. This would support soybean oil prices and benefit palm oil prices as these crops are highly correlated to one another. Industry analysts expect CPO prices will continue to be well supported with expectations of lower global palm oil production in 2020 caused by the dry weather between August to November last year and the wet weather conditions due to the La Nina phenomenon from September this year which may hamper harvesting and crop evacuation activities. In addition, the re-stocking activities by most key palm oil importing countries before the end of the year are expected to lower the global palm oil stocks carryover to 2021 which will further support palm oil prices in the fourth quarter and moving into early 2021.

3. **Current year prospects (continued)**

The various incentives granted by the government under PENJANA as announced on 5 June 2020 are expected to continue to spur activities in the Malaysian property market. These incentives include the Home Ownership Campaign ["HOC"] from 1 June 2020 to 31 May 2021 and Real Property Gains Tax exemption for disposal of residential properties to a maximum of 3 units per individual from 1 June 2020 to December 2021. Under the PENJANA HOC, stamp duty exemption will be provided on the instruments of transfer and loan agreement for the purchase of residential units priced between RM300,000 and RM2.5 million and limited to the first RM1 million of the home purchase price. To further encourage home ownership, in the recent National Budget 2021 as announced on 6 November 2020, full stamp duty exemption on the memorandum of transfer and loan agreement will be granted for the purchase of a first residential property by Malaysian citizens valued at RM500,000 (previously RM300,000) for agreements executed between 1 January 2021 to 31 December 2025. Accordingly, the Property Division anticipates its property projects in the affordable homes segment to benefit from these government initiatives. It will continue to focus on its sales and marketing activities to drive property project sales. Concerted efforts will also be put to optimise its investment properties' occupancy rates and rental yield.

The Credit Financing Division expects the challenging financing landscape to continue amid the current economic uncertainties. Nevertheless, the division will focus on its pre-selected sectors and existing quality customers to maintain a stable and quality loan receivable portfolio. The division has tightened its credit risk assessment and loan approval process and is constantly reviewing its lending policies to mitigate market and credit risks. Concerted efforts are also placed on credit control and debt collections, strengthening its loan recovery and rehabilitation process to mitigate expected higher loan impairment. It will continue to play a pivotal role in co-ordinating the Group's synergistic opportunities across all business segments.

The Automotive Division expects the sales tax exemption for new cars from 15 June 2020 to 31 December 2020 as announced under PENJANA will continue to encourage consumers' demand in the local automotive industry in the fourth quarter. The division is focused on reducing its operating costs and stocks level to reduce stockholding costs. Emphasis will be on providing service excellence and building on its market presence amid the intense competition from other brands and dealers.

The Trading Division anticipates the competitive business environment of its fertilizers trading in all its geographical markets to remain. Fertilizers demand is expected to be positive underpinned by the current strong CPO prices. The general trading and ceramic tiles businesses expect the re-enforcement of the CMCO to slowdown market demand as property development and construction activities may be affected with shortage of workers. The division will continue to tighten its credit control to mitigate credit risk and put concerted efforts on managing inventories and receivables, and reducing costs.

The Building Materials Division anticipates the market conditions in its supply chain to be subdued in view of the CMCO. It will continue to rationalise its operations to optimise costs and expects to improve its financial performance following the recent restructuring and downsizing of its brick factories operations. Hafary expects the economic environment in Singapore to remain challenging in view of the ongoing strict containment measures to curb new wave of Covid-19 outbreak in Singapore. The delay in reopening of international borders, a more pronounced downturn in the construction sector and slowdown in renovation works caused by cautiousness in consumers' spending are factors affecting the Hafary's business in Singapore.

Based on the foregoing and uncertainties in the local and global economic environment arising from the Covid-19 pandemic, the Group's overall performance for the financial year ending 31 December 2020 is expected to be lower than the previous financial year.

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	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	9,791	7,392	29,192	14,028
Dividend income from equity investment at fair value through other comprehensive income	150	160	450	520
Dividend income from equity investment at fair value through profit or loss	-	2,282	3,560	9,229
Dividend income from money market deposits	11,759	3,255	24,895	16,034
Loss on equity investment at fair value through profit or loss	(2,647)	(3,259)	(12,961)	(9,832)
(Loss)/Gain on money market deposits at fair value	(920)	311	(2,230)	1,359
Interest expense	(60,156)	(61,704)	(189,248)	(183,018)
Depreciation and amortisation	(53,487)	(56,378)	(160,443)	(167,961)
Net allowance of impairment losses - trade receivables	(15,098)	(2,221)	(22,220)	(7,784)
Net inventories written down	(1,857)	(3,627)	(9,724)	(7,384)
Gain on disposal of property, plant and equipment	626	909	719	5,298
Property, plant and equipment written off	(2,010)	(1,651)	(3,443)	(3,110)
Investment property written off	-	(55)	-	(318)
Bad debts written off	-	-	-	(17)
Net foreign exchange gain	33,743	2,653	49,809	6,065
(Loss)/Gain on non-hedging derivative instruments	(2,780)	641	286	1,882
Gain from fair value adjustments of investment properties	9,422	-	9,422	-
Gain on fair value of biological assets	4,150	7,523	2,254	5,763
Recovery of bad debts	210	11	407	379

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	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	67,723	80,380	208,216	225,992
- deferred tax	(134)	(12,120)	(23,302)	(34,756)
	67,589	68,260	184,914	191,236
In respect of prior period				
- income tax	(543)	(1,146)	(543)	(357)
- deferred tax	-	47	-	47
	(543)	(1,099)	(543)	(310)
	67,046	67,161	184,371	190,926

The Group's effective tax rate for the current quarter (excluding over provision of tax in respect of prior period) was in line with the statutory tax rate whilst year to date effective tax rate was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and deferred tax assets not recognised on business losses by certain subsidiaries.

The effective tax rate for the preceding year corresponding quarter and period (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.

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 corporate proposals announced but not completed as at 20 November 2020.

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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 *(now known as LSHC Sydney Holding Limited)* to Lei Shing Hong Capital Limited ["HSH Disposal"]. The proceeds from the HSH Disposal have been fully utilised as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	**Adjusted RM'000	As at 30 September 2020 Utilisation RM'000	Deviation under/(over) spent RM'000	%	Explanation
Repayment of borrowings	250,000	250,000	250,000	-	-	
Working capital requirements:						
(i) Part finance the cost of property developments in Klang Valley						As the Kia Peng Service Apartment project has been deferred in view of the current economic conditions, the balance unutilised has been utilised for working capital requirement of item (ii)(b)^
(a) Jalan Kia Peng Service Apartment	100,000	100,000	40,632	59,368	59	
(b) Menara Hap Seng 3	200,000	200,000	200,000	-	-	
	300,000	300,000	240,632	59,368	20	
(ii) Purchase of inventories						
(a) automobile	20,664	30,293	31,884	# (1,591)	(5)	
(b) fertilisers	30,000	30,000	89,368	^ (59,368)	(198)	
(c) building materials such as steel bars, wire mesh and cement	30,000	30,000	30,000	-	-	
	80,664	90,293	151,252	(60,959)	(68)	
	380,664	390,293	391,884	(1,591)	(0.4)	
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	780,793	-		

* *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 of 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 ["HSCSB"] 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 September 2020 Utilisation RM'000	As at 30 September 2020 Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Working capital requirements:							
Loan disbursements of HSCSB's credit financing division							
(a) Real estate	350,000	-	350,000	Within 18 months from Circular Expiry Date*	-	-	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)	The over spent was set-off against the balance unutilised for working capital requirement under item (e) #
	906,000	583	905,417		(83)		

* *As set out in the Circular to shareholders, the intended timeframe for utilisation is within 24 months from completion, i.e. by 8 June 2020 ("Circular Expiry Date"). On 13 May 2020, the board of directors resolved to extend the Circular Expiry Date by 18 months to enable the Company to better assess the Covid-19 pandemic impact to HSCSB and its credit financing activities.*

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

(c) On 13 November 2019, HSC Melbourne Holding Pte Ltd, an indirect wholly-owned subsidiary of the Company completed the disposal of its 100% equity interest in HS Credit (Melbourne) Pty Ltd *(now known as LSH Credit (Melbourne) Pty Ltd)* ["HCMPL"] to Lei Shing Hong Capital Limited ["HCMPL Disposal"]. The status of the utilisation of proceeds from HCMPL Disposal is as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	Proposed Utilisation **Adjusted RM'000	As at 30 September 2020 Utilisation RM'000	As at 30 September 2020 Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Repayment of borrowings	500,000	500,000	330,875	169,125	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) Property development and property investment costs *Part finance the KL Midtown mixed Development and the construction of Hyatt Centric Kota Kinabalu hotel*	125,000	125,000	125,000	-		-	-	
(ii) Purchase of inventories								
(a) Fertilisers	40,000	40,000	40,000	-		-	-	
(b) Automobiles	26,044	33,064	33,148	-		# (84)	(0.3)	
(c) building materials such as steel bars, wire mesh and cement	30,000	30,000	25,250	4,750		-	-	
	96,044	103,064	98,398	4,750		(84)	(0.1)	
	221,044	228,064	223,398	4,750		(84)	(0.04)	
Estimated expenses	700	700	616	-		84	12	The under spent has been utilised for working capital requirement of item (ii)(b) #
	721,744	728,764	554,889	173,875		-		

* *Circular to Shareholders dated 22 October 2019.*

** *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 RM7.020 million which was allocated to the proposed utilisation for working capital requirement of item (ii)(b).*

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.

The Group's borrowings are as follows:

	As at 30.9.2020					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	10,574	-	-	10,574
- Revolving credits	-	-	99,852	-	-	99,852
	-	-	110,426	-	-	110,426
Unsecured						
- Term loans	644,052	700,020	-	-	-	1,344,072
- Revolving credits	1,062,499	281,505	-	-	62,598	1,406,602
- Trust receipts	-	-	10,975	11,830	-	22,805
- Bankers' acceptances	286,407	-	-	-	-	286,407
- Medium term notes	150,000	-	-	-	-	150,000
	2,142,958	981,525	10,975	11,830	62,598	3,209,886
Total current borrowings	2,142,958	981,525	121,401	11,830	62,598	3,320,312
Non-current						
Secured						
- Term loans	-	-	246,251	-	-	246,251
Unsecured						
- Term loans	426,486	-	-	-	-	426,486
- Medium term notes	2,940,000	-	-	-	-	2,940,000
	3,366,486	-	-	-	-	3,366,486
Total non-current borrowings	3,366,486	-	246,251	-	-	3,612,737
Total borrowings	5,509,444	981,525	367,652	11,830	62,598	6,933,049

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

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

	As at 31.12.2019					
	Denominated in					
	RM	USD	SGD	Euro	IDR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current</u>						
Secured						
- Term loans	-	-	15,548	-	-	15,548
- Revolving credits	-	-	104,524	-	-	104,524
	-	-	120,072	-	-	120,072
Unsecured						
- Term loans	422,248	450,340	122,813	-	-	995,401
- Revolving credits	1,484,600	288,816	-	-	57,805	1,831,221
- Trust receipts	-	-	30,096	17,894	-	47,990
- Bankers' acceptances	429,364	3,601	-	-	-	432,965
	2,336,212	742,757	152,909	17,894	57,805	3,307,577
Total current borrowings	2,336,212	742,757	272,981	17,894	57,805	3,427,649
<u>Non-current</u>						
Secured						
- Term loans	-	-	236,009	-	-	236,009
Unsecured						
- Term loans	666,300	361,228	-	-	-	1,027,528
- Medium term notes	1,690,000	-	-	-	-	1,690,000
	2,356,300	361,228	-	-	-	2,717,528
Total non-current borrowings	2,356,300	361,228	236,009	-	-	2,953,537
Total borrowings	4,692,512	1,103,985	508,990	17,894	57,805	6,381,186

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

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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, 8 March 2019, 19 September 2019 and 7 February 2020. The KKHC was yet to fix further hearing dates.

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, 8 March 2019, 19 September 2019 and 7 February 2020. The KKHC was yet to fix further hearing dates.

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 2020 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/RMB)					
- Designated as hedging instruments*	198,909	(5,923)	(1,510)	1,509	(1)
- Not designated as hedging instruments	177,070	(2,916)	448	(162)	286
	375,979	(8,839)	(1,062)	1,347	285
Cross currency interest rate swaps on foreign currency borrowings of less than 1 year (USD)					
- Designated as hedging instruments*	770,004	3,504	4,807	(5,666)	(859)

* *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 (Birmingham) Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 30 September 2020 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	2,546,802	100	2,546,902
(b)	To individuals	359,842	1,198	361,040
(c)	To companies within the listed issuer group	427,945	278,905	706,850
(d)	To related parties	-	-	-
		3,334,589	280,203	3,614,792

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

		As at 30.9.2020
		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	1,699,347
		1,699,347

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

		RM'000
(a)	Balance as at 1.1.2020	51,881
(b)	Loans classified as in default during the financial year	68,032
(c)	Loans reclassified as performing during the financial year	(9,910)
(d)	Amount recovered	(18,215)
(e)	Amount written off	(2,998)
(f)	Loans converted to securities	-
(g)	Balance as at 30.9.2020	88,790
(h)	Ratio of net loans in default to net loans	2.46%

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	419,835	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	175,948	176,208	Yes	345,869	No	102
3rd	Term Loan	133,100	131,981	Yes	130,680	No	12
4th	Term Loan	247,000	121,987	No	-	Yes*	36
5th	Term Loan	90,810	89,712	Yes	89,203	No	12

* *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**	
	30.9.2020	**30.9.2019**	**30.9.2020**	**30.9.2019**
Profit attributable to owners of the Company (RM'000)	193,734	193,140	398,189	480,911
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	2,489,670	2,489,670	2,489,670	2,489,671
Basic EPS (sen)	7.78	7.76	15.99	19.32

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

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15. **Dividend**

Dividends for the current financial year ending 31 December 2020 are as follows:

(a) first interim dividend of 10 sen (2019: 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 29 May 2020 and paid on 24 June 2020;

(b) the Board of Directors has on even date approved the following second interim dividend for the financial year ending 31 December 2020:

(i)	Amount per ordinary share - Second Interim Dividend	15 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.
(ii)	Previous year corresponding period: Amount per ordinary share - 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 the current financial year: Amount per ordinary share	25 sen comprising first interim dividend of 10 sen and second interim dividend of 15 sen (2019: 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 22 December 2020; and

(d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 10 December 2020.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 15 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 2020, will be payable in cash on 22 December 2020 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 10 December 2020. 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 8 December 2020 (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 10 December 2020 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 2019 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
Company Secretary
Kuala Lumpur
26 November 2020