

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020**

	Quarter ended			Year ended		
	31.12.2020 RM'000	31.12.2019 RM'000	Increase/ (Decrease)	31.12.2020 RM'000	31.12.2019 RM'000 (Audited)	Increase/ (Decrease)
Revenue	1,724,059	1,773,856	(3%)	5,850,326	7,096,067	(18%)
Operating expenses	(1,367,206)	(1,546,171)		(4,871,640)	(6,091,470)	
Other operating income	102,360	68,632		261,227	154,543	
Operating profit	459,213	296,317	55%	1,239,913	1,159,140	7%
Finance costs	(57,870)	(79,331)		(247,118)	(262,349)	
Other gain items	92,137	550,137		92,137	550,137	
Share of results of associates and joint ventures	8,265	7,673		22,003	29,885	
Profit before tax	501,745	774,796	(35%)	1,106,935	1,476,813	(25%)
Tax expense	(123,719)	(66,462)		(308,090)	(257,388)	
Profit for the period	378,026	708,334	(47%)	798,845	1,219,425	(34%)
Profit attributable to:						
Owners of the Company	351,990	681,960	(48%)	750,179	1,162,871	(35%)
Non-controlling interests	26,036	26,374		48,666	56,554	
	378,026	708,334		798,845	1,219,425	
Earnings per share (sen)						
Basic	14.14	27.39	(48%)	30.13	46.71	(35%)
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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020**

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	378,026	708,334	798,845	1,219,425
Other comprehensive income net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	9,142	17,539	3,903	10,024
Share of foreign currency translation differences of associates and joint ventures	1,004	(6,397)	(2,412)	5,709
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	13,285	-	13,285
Change in fair value of cash flow hedge	6,127	1,505	5,267	2,312
	16,273	25,932	6,758	31,330
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement loss on defined benefit liabilities	(90)	(64)	(90)	(64)
	(90)	(64)	(90)	(64)
Total other comprehensive income for the period	16,183	25,868	6,668	31,266
Total comprehensive income for the period	394,209	734,202	805,513	1,250,691
Total comprehensive income attributable to:				
Owners of the Company	368,244	708,052	756,164	1,194,782
Non-controlling interests	25,965	26,150	49,349	55,909
	394,209	734,202	805,513	1,250,691

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 31 DECEMBER 2020**

	As at 31.12.2020	As at 31.12.2019
	RM'000	RM'000
		<i>(Audited)</i>
Non-current assets		
Property, plant and equipment	3,381,208	3,529,565
Investment properties	1,916,870	1,851,957
Investment in associates	462,019	469,185
Investment in joint ventures	8,066	8,760
Land held for property development	1,304,291	1,311,767
Intangible assets	38,038	43,803
Trade and other receivables	1,712,296	2,187,918
Other financial assets	16,264	21,091
Deferred tax assets	106,963	70,634
	<hr/>	<hr/>
	8,946,015	9,494,680
Current assets		
Inventories	1,438,232	1,779,121
Property development costs	907,559	1,084,535
Biological assets	33,960	25,714
Trade and other receivables	2,715,968	2,104,925
Contract assets	113,738	461,935
Tax recoverable	38,129	32,577
Other financial assets	69,241	81,835
Money market deposits	2,024,048	1,217,369
Cash and bank balances	959,922	1,090,193
	<hr/>	<hr/>
	8,300,797	7,878,204
TOTAL ASSETS	<hr/>	<hr/>
	17,246,812	17,372,884

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 31 DECEMBER 2020

	As at	As at
	31.12.2020	31.12.2019
	RM'000	RM'000
		<i>(Audited)</i>
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	3,964,887	3,820,725
	<hr/>	<hr/>
	7,484,441	7,340,279
Less: Treasury shares	(113)	(113)
	<hr/>	<hr/>
	7,484,328	7,340,166
Non-controlling interests	1,173,265	1,278,690
TOTAL EQUITY	<hr/>	<hr/>
	8,657,593	8,618,856
Non-current liabilities		
Payables and provisions	173,652	184,115
Borrowings	3,306,761	2,953,537
Lease liabilities	99,106	111,134
Other financial liabilities	-	2,267
Deferred tax liabilities	487,704	480,207
	<hr/>	<hr/>
	4,067,223	3,731,260
Current liabilities		
Payables and provisions	1,134,203	1,419,847
Contract liabilities	11,374	42,177
Tax payable	142,566	91,630
Borrowings	3,183,182	3,427,649
Lease liabilities	27,759	27,189
Other financial liabilities	22,912	14,276
	<hr/>	<hr/>
	4,521,996	5,022,768
TOTAL LIABILITIES	<hr/>	<hr/>
	8,589,219	8,754,028
TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>
	17,246,812	17,372,884
Net assets per share (RM)	<hr/>	<hr/>
	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 ENDED 31 DECEMBER 2020**

	← 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			
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 year	-	-	750,179	-	750,179	48,666	798,845
Total other comprehensive income for the year	-	6,075	(90)	-	5,985	683	6,668
Total comprehensive income for the year	-	6,075	750,089	-	756,164	49,349	805,513
Changes in ownership interest in subsidiaries	-	-	10,415	-	10,415	(104,629)	(94,214)
Dividends	-	-	(622,417)	-	(622,417)	-	(622,417)
Dividends paid to non-controlling interests	-	-	-	-	-	(50,145)	(50,145)
At 31 December 2020	3,519,554	157,679	3,807,208	(113)	7,484,328	1,173,265	8,657,593
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 year	-	-	1,162,871	-	1,162,871	56,554	1,219,425
Total other comprehensive income for the year	-	31,975	(64)	-	31,911	(645)	31,266
Total comprehensive income for the year	-	31,975	1,162,807	-	1,194,782	55,909	1,250,691
Purchase of treasury shares	-	-	-	(20)	(20)	-	(20)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	(3)	(3)
Dividends	-	-	(871,384)	-	(871,384)	-	(871,384)
Dividends paid/payable to non-controlling interests	-	-	-	-	-	(45,536)	(45,536)
At 31 December 2019 (Audited)	3,519,554	151,604	3,669,121	(113)	7,340,166	1,278,690	8,618,856

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 ENDED 31 DECEMBER 2020**

	Year ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
		(Audited)
Cash flows from operating activities		
Profit before tax	1,106,935	1,476,813
Adjustments for:		
Non-cash items	210,134	185,622
Non-operating items	(22,212)	(507,464)
Dividend income	(40,858)	(32,389)
Net interest expense	203,836	233,779
Operating profit before working capital changes	1,457,835	1,356,361
Net changes in working capital	295,121	135,489
Net changes in loan receivables	60,692	(389,598)
Net tax paid	(291,834)	(246,415)
Net interest paid	(230,161)	(269,800)
Net changes in land held for property development	84,778	(219,885)
Net cash flows generated from operating activities	1,376,431	366,152
Cash flows from investing activities		
Dividends received from associates and a joint venture	20,433	21,917
Dividends received from equity investment at fair value through other comprehensive income	-	1,080
Dividends received from equity investment at fair value through profit or loss	3,560	9,229
Dividends received from money market deposits	35,570	22,490
Profit guarantee shortfall received from holding company	91,851	175,307
Increase in money market deposits	(808,866)	(190,644)
Acquisition of shares from non-controlling interests	(112,361)	-
Proceeds from disposal of interest in a subsidiary	18,138	-
Proceeds from issuance of shares to non-controlling interests	9	-
Acquisition of a joint venture	-	(1,900)
Disposal of subsidiaries net of cash disposed	-	606,210
Proceeds from disposal of property, plant and equipment	4,651	19,175
Proceeds from disposal of equity investment at fair value through profit or loss	8,475	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	(130,255)	(265,087)
Additions to investment properties	(67,066)	(231,415)
Net cash flows (used in)/generated from investing activities	(935,861)	81,851
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(672,562)	(898,320)
Net drawdown of borrowings	127,524	967,074
Shares repurchased at cost	-	(23)
Payment of lease liabilities	(32,523)	(35,648)
Net cash flows (used in)/generated from financing activities	(577,561)	33,083
Net (decrease)/increase in cash and cash equivalents	(136,991)	481,086
Effects on exchange rate changes	6,720	(4,525)
Cash and cash equivalents at beginning of the period	1,090,193	613,632
Cash and cash equivalents at end of the period	959,922	1,090,193
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	652,732	503,888
Cash in hand and at bank	307,190	586,305
Bank overdrafts	-	-
	959,922	1,090,193

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 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 financial year.

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 31 December 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 financial year and preceding year corresponding period were as follows:

	Year ended	
	31.12.2020	31.12.2019
	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
- second interim (20 sen) under the single tier system approved by the Directors on 21 November 2019 and paid on 18 December 2019	-	497,934
Dividend in respect of financial year ended 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	-
- second interim (15 sen) under the single tier system approved by the Directors on 26 November 2020 and paid on 22 December 2020	373,450	-
	622,417	871,384
	622,417	871,384

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7. Segment information

	Plantation	Property	Credit	Automotive	Trading	Building	Other non-	Eliminations	Consolidated
	RM'000	RM'000	financing	RM'000	RM'000	materials	reportable	RM'000	RM'000
			RM'000	RM'000	RM'000	RM'000	segments		
							RM'000		
<u>Current quarter ended 31 December 2020</u>									
Revenue									
External revenue	153,269	571,602	56,695	395,758	415,032	131,703	-	-	1,724,059
Inter-segment revenue	-	5,676	14,235	1,566	24,230	7,074	-	(52,781)	-
Total revenue	153,269	577,278	70,930	397,324	439,262	138,777	-	(52,781)	1,724,059
Operating profit									
Finance costs									(57,870)
Other gain items									92,137
Share of results of associates and joint ventures									8,265
Profit before tax	50,771	500,258	38,977	(24,321)	(66,326)	(35,334)	13,229	(18,041)	459,213
									(57,870)
									92,137
									8,265
									501,745
<u>Preceding year quarter ended 31 December 2019</u>									
Revenue									
External revenue	124,863	569,223	62,397	418,074	453,948	145,351	-	-	1,773,856
Inter-segment revenue	-	6,938	15,564	2,819	17,257	16,760	-	(59,338)	-
Total revenue	124,863	576,161	77,961	420,893	471,205	162,111	-	(59,338)	1,773,856
Operating profit									
Finance costs									(79,331)
Other gain items									550,137
Share of results of associates and joint ventures									7,673
Profit before tax	32,659	263,900	60,080	(20,284)	(14,555)	8,965	(17,672)	(16,776)	296,317
									(79,331)
									550,137
									7,673
									774,796

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
<u>Year ended 31 December 2020</u>									
Revenue									
External revenue	467,595	1,749,507	227,276	1,369,810	1,665,740	370,398	-	-	5,850,326
Inter-segment revenue	-	26,912	58,543	9,078	87,411	33,812	-	(215,756)	-
Total revenue	467,595	1,776,419	285,819	1,378,888	1,753,151	404,210	-	(215,756)	5,850,326
Operating profit									
Finance costs									(247,118)
Other gain items									92,137
Share of results of associates and joint ventures									22,003
Profit before tax									1,106,935
Segment assets	2,205,172	6,473,849	3,117,731	759,228	1,084,230	1,029,426	1,961,999	-	16,631,635
Segment liabilities	59,367	1,423,371	1,889,052	216,518	533,153	504,147	3,333,341	-	7,958,949
<u>Year ended 31 December 2019</u>									
Revenue									
External revenue	418,598	2,046,665	245,554	1,489,256	2,366,543	529,451	-	-	7,096,067
Inter-segment revenue	-	21,752	69,695	5,166	86,922	62,373	-	(245,908)	-
Total revenue	418,598	2,068,417	315,249	1,494,422	2,453,465	591,824	-	(245,908)	7,096,067
Operating profit									
Finance costs									(262,349)
Other gain items									550,137
Share of results of associates and joint ventures									29,885
Profit before tax									1,476,813
Segment assets	2,159,884	6,121,778	3,458,129	1,104,434	1,379,396	1,182,931	1,385,176	-	16,791,728
Segment liabilities	72,617	1,666,731	2,094,327	441,823	848,013	697,631	2,361,049	-	8,182,191

8. Events after the end of interim period

Save for the subsequent events disclosed in Note 10 of Part B, events after the end of the financial year and up to 19 February 2021 that have not been reflected in these interim financial statements are as follows:-

- (a) On 11 January 2021 [the “said date”], Caliber Suncity Sdn Bhd [“Caliber Suncity”], a wholly-owned subsidiary of the Company entered into a sale and purchase agreement [the “said SPA”] with Victoria Land Sdn Bhd [“Victoria Land”], a wholly-owned subsidiary of Lei Shing Hong Limited [“LSH”], pursuant to which Victoria Land had agreed to dispose of all those three (3) adjoining parcels of industrial land held under Lot 11360, PN 11151, Lot 11361, PN 11152 and Lot 11365, PN 394, Daerah and Negeri Wilayah Persekutuan Labuan situated at Kg Ranche-Ranche, Off Jalan Patau-Patau, 87000 Federal Territory of Labuan [the “said Lands”] together with buildings erected thereon [the “said Buildings”] to Caliber Suncity for a cash consideration of RM205,250,000 [the “said Purchase Consideration” or the “Proposed Acquisition” respectively]. Victoria Land had entered into a 20-year principal lease expiring in 2032 for the said Lands and various sub-leases in respect of some but not all of the said Buildings with Asian Supply Base Sdn Bhd, a wholly-owned subsidiary of the State Government of Sabah.

The said Proposed Acquisition 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 51.69% shareholding in LSH comprising 37.84% shareholding held via Lead Star Business Limited and 13.85% shareholding held via Gek Poh (Holdings) Sdn Bhd [“Gek Poh”]. He was a 56.00% major shareholder and a director of Gek Poh.

As at the said date, Gek Poh held 13.85% shareholding in LSH and Gek Poh’s aggregate shareholding in the Company was 62.64%, comprising 54.63% direct shareholding and 8.01% 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 11.27% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the Proposed Acquisition.

As at the 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. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Proposed Acquisition.

As at the 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 deemed interested in the Proposed Acquisition.

As at the said date, Mr Chong Chee Wooi was the deputy finance director of the Company and a director of Akal Megah and Victoria Land respectively. Premised on the aforesaid, he was deemed interested in the Proposed Acquisition.

The Proposed Acquisition was completed on 12 January 2021 in accordance with the terms and condition of the said SPA with the payment of the said Purchase Consideration to Victoria Land.

- (b) Subsequent to the financial year and up to 19 February 2021, the Company disposed of 828,100 ordinary shares representing approximately 0.10% of equity interest in Hap Seng Plantations Holdings Berhad [“HSP” or “HSP Shares”] via open market at an average price of RM1.80 per share, whereby reducing its shareholding in HSP from 60.03% to 59.93%. HSP is the Company’s subsidiary listed on Bursa Malaysia Securities Berhad.

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 financial year, 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.
- (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.

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)

- (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) On 19 October 2020, *Hap Seng Realty Sdn Bhd, 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 principally involved in property investment.
- (o) During the current quarter, the Company disposed of 5,760,600 ordinary shares representing approximately 0.72% of equity interest in HSP via open market at an average price of RM1.83 per share.

As at the end of the financial year, the Company's shareholding in HSP stood at 60.03% after the acquisition of additional 66,074,500 HSP shares and the disposal of 10,206,700 HSP shares during the financial year.

* *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 19 February 2021.

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 reversed contingent assets of RM76.388 million as disclosed in Note 4(c) of Part B. As at the end of the financial year, the Group does not have any contingent liability or contingent asset 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	As at
	31.12.2020	31.12.2019
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for		
- property, plant and equipment	289,620	67,500
- investment properties	-	52,073
	<u>289,620</u>	<u>119,573</u>

13. Significant related party transactions

During the financial year, 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**

The Group's revenue for the current quarter at RM1.72 billion was 3% lower than the preceding year corresponding quarter of RM1.77 billion with lower contribution from Credit Financing, Automotive, Trading and Building Materials Divisions but mitigated by higher revenue from Plantation and Property Divisions. Nevertheless, Group's operating profit for the current quarter at RM459.2 million was 55% higher than the preceding year corresponding quarter of RM296.3 million with higher profit contribution from Plantation and Property Divisions.

Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM501.7 million and RM378 million were lower than the preceding year corresponding quarter by 35% and 47% respectively. The results for the preceding year corresponding quarter included RM472 million gain from the disposal of HS Credit (Melbourne) Pty Ltd (*now known as LSH Credit (Melbourne) Pty Ltd*) ["HCMPL"]. Excluding this gain, PBT and PAT for the current quarter would be higher than the preceding year corresponding quarter by 66% and 60% respectively.

Plantation Division's revenue for the current quarter at RM153.3 million was 23% higher than the preceding year corresponding quarter mainly attributable to higher average selling prices realisation of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] reduced somewhat by lower sales volume of both products. Average selling price of CPO and PK for the current quarter were higher at RM3,148 per tonne and RM2,027 per tonne respectively as compared to the preceding year corresponding quarter of RM2,376 per tonne for CPO and RM1,435 per tonne for PK. CPO sales volume for the current quarter at 41,842 tonnes was 8% lower than the preceding year corresponding quarter whilst PK sales volume was 7% lower at 9,343 tonnes, mainly due to lower CPO and PK production. Production of CPO and PK for the current quarter were both lower than the preceding year corresponding quarter by 4% due to lower fresh fruit bunches ["FFB"] production as well as lower CPO and PK extraction rates mitigated by higher purchased FFB processed. FFB production for the current quarter was 5% lower than the preceding year corresponding quarter in tandem with the lower FFB yield due to seasonal yield trend whilst extraction rates were affected by the wetter weather conditions in the current quarter. Consequently, operating profit for the current quarter at RM50.8 million was significantly higher than the preceding year corresponding quarter of RM32.7 million.

Property Division's revenue for the current quarter at RM577.3 million was marginally above the preceding year corresponding quarter of RM576.2 million with higher contribution from its investment properties segment and higher sales of non-strategic properties but offset by lower sales from property development and construction activities. The division's investment properties segment benefitted from Menara Hap Seng 3 which was completed with certificate of completion and compliance in March 2020. The ongoing property development projects in both Sabah and Klang Valley as well as construction activities at the Shah Alam Industrial Hub continued to be affected by the slow pick up in progress works due to labour shortage and stringent Standard Operating Procedures ["SOP"] imposed by the authorities with the re-enforcement of Conditional Movement Control Order ["CMCO"] in October 2020 amid the rise in Covid-19 infections. Nevertheless, the division's operating profit for the current quarter at RM500.3 million was 90% higher than the preceding year corresponding quarter of RM263.9 million mainly due to higher contribution from sales of non-strategic properties.

Credit Financing Division's revenue for the current quarter at RM70.9 million was 9% lower than the preceding year corresponding quarter of RM78 million as the division continues to be prudent in its loan approval process in view of the current economic uncertainties amid the Covid-19 pandemic. The division's loan base at the end of the year was RM3.72 billion, 4% below the end of the preceding year of RM3.88 billion. The non-performing loans ratio at the end of the year was higher at 2.35% as compared to 1.34% at the end of the preceding year as certain sectors in the division's loan portfolio were negatively affected by the Covid-19 pandemic which resulted in higher provision for impairment on its loan base during the current quarter. Consequently, operating profit for the current quarter at RM39 million was 35% below the preceding year corresponding quarter of RM60.1 million.

1. Review of performance (continued)

Automotive Division's revenue for the current quarter at RM397.3 million was 6% lower than the preceding year corresponding quarter of RM420.9 million mainly affected by lower sales from its commercial vehicle segment but mitigated somewhat by higher sales from the passenger car segment. The commercial vehicle segment which comprises wholesale distribution and retail businesses contributed 15% to the division's current quarter revenue, 45% lower as compared to the preceding year corresponding quarter mainly due to weak demand arising from the Covid-19 pandemic. The passenger car segment benefitted from the sales tax exemption granted by the government under PENJANA ["Pelan Jana Semula Ekonomi Negara" or Short-Term Economic Recovery Plan] and registered 9% higher revenue from passenger cars sales as compared to the preceding year corresponding quarter. The after sales and services segment recorded 3% increase in revenue albeit 3% lower in throughput mainly benefitted from better sales mix. Overall, the division incurred a higher operating loss at RM24.3 million as compared to the preceding year corresponding quarter's operating loss of RM20.3 million.

Trading Division comprises the fertilizers trading and general trading businesses as well as the ceramic tiles business under Malaysian Mosaics Sdn Bhd ["MMSB"]. In the current quarter, the division recorded total revenue of RM439.3 million, 7% lower than the preceding year corresponding quarter of RM471.2 million due to lower revenue from general trading business but mitigated by higher revenue from fertilizers trading and ceramic tiles businesses. General trading business' revenue for the current quarter at RM84.1 million was 45% below the preceding year corresponding quarter due to weak demand as property development and construction activities continued to be affected by the slowdown in activities amid the Covid-19 pandemic. Fertilizers trading business' revenue for the current quarter at RM292.6 million was 13% higher than the preceding year corresponding quarter with higher sales volume, benefitted from the improvement in market demand supported by the strong CPO prices. MMSB's revenue for the current quarter at RM62.6 million was 6% higher than the preceding year corresponding quarter attributable to higher sales volume but dampened somewhat by lower average selling prices. In the current quarter, the division's results were also affected by impairment loss on assets arising from the restructuring and rationalisation of its ceramic tiles business. Consequently, the division incurred an operating loss of RM66.3 million which was significantly higher than the preceding year corresponding quarter's operating loss of RM14.6 million.

Building Materials Division comprises the quarry, asphalt and bricks businesses and trading of building materials by Hafary Holdings Limited ["Hafary"]. The division's revenue in the current quarter at RM138.8 million was 14% below the preceding year corresponding quarter of RM162.1 million with lower revenue from quarry, asphalt and bricks businesses, mitigated somewhat by improvement in revenue contribution from Hafary. In the current quarter, quarry, asphalt and bricks businesses continued to be affected by the slow pick-up in construction activities amid the Covid-19 pandemic and registered revenue of RM43.2 million, 41% lower than the preceding year corresponding quarter. Hafary's revenue for the current quarter at RM95.5 million was 7% above the preceding year corresponding quarter with improvement from both the project and general sectors. The division's current quarter's results were impacted by impairment loss on assets arising from the ongoing rationalisation exercise of its quarry, asphalt and brick businesses but mitigated somewhat by improved operating profit from Hafary. Consequently, the division incurred an operating loss of RM35.3 million for the current quarter as compared to the preceding year corresponding quarter's operating profit of RM9 million.

Overall, Group PBT and PAT for the year at RM1.1 billion and RM798.8 million were lower than the preceding year by 25% and 34% respectively. Accordingly, profit attributable to owners of the Company and basic earnings per share for the year at RM750.2 million and 30.13 sen respectively were both 35% lower than last year. Excluding the gain from the disposal of HCMPL, PBT and PAT for the year would be higher than the preceding year by 10% and 7% respectively.

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

	Current Quarter ended 31.12.2020 RM'000	Immediate Preceding Quarter ended 30.9.2020 RM'000	<i>Increase/ (Decrease)</i>
Revenue	<u>1,724,059</u>	<u>1,661,690</u>	4%
Operating profit	<u>459,213</u>	<u>331,934</u>	38%
Profit before tax	<u>501,745</u>	<u>278,252</u>	80%

Group PBT for the current quarter at RM501.7 million was 80% higher than the immediate preceding quarter of RM278.3 million mainly attributable to higher contribution from Plantation and Property Divisions but offset somewhat by the lower contribution from Credit Financing, Automotive, Trading and Building Materials Divisions.

Plantation Division's operating profit for the current quarter at RM50.8 million was 47% higher than the immediate preceding quarter of RM34.5 million, benefitted from higher average selling prices and sales volume for CPO and PK. Average selling price per tonne of CPO and PK were 14% and 30% higher than the immediate preceding quarter of RM2,753 and RM1,560 respectively. Sales volume of CPO and PK for the current quarter were 2% and 4% higher than the immediate preceding quarter of 41,057 tonnes and 9,020 tonnes respectively mainly attributable to favourable inventories movements.

Property Division's operating profit for the current quarter at RM500.3 million was significantly higher than the immediate preceding quarter of RM228.9 million mainly attributable to higher sales of non-strategic properties.

Credit Financing Division's operating profit for the current quarter at RM39 million was 14% lower than the immediate preceding quarter of RM45.1 million with higher provision for impairment on its loan portfolio.

Automotive Division incurred higher operating loss of RM24.3 million for the current quarter as compared to the immediate preceding quarter's operating loss of RM11.5 million mainly due to lower sales of passenger cars and commercial vehicles as a consequence of the re-enforcement of the CMCO which has dampened market sentiments.

Trading Division incurred an operating loss of RM66.3 million for the current quarter as compared to an operating profit of RM2 million in the immediate preceding quarter. Performance in the current quarter was mainly affected by the impairment loss on assets arising from the restructuring and rationalisation of its ceramic tiles business but mitigated somewhat by better performance from its fertilizers trading business which achieved higher sales and higher average margin.

Building Materials Division's operating loss of RM35.3 million for the current quarter as compared to the immediate preceding quarter's operating profit of RM12.5 million was mainly affected by impairment loss on assets arising from the ongoing rationalisation exercise of its quarry, asphalt and brick businesses but mitigated somewhat by improved performance from Hafary with gradual recovery of both its project and general sectors' sales.

3. Current year prospects

In view of the significant spike in the Covid-19 cases, the Malaysian government has reimposed the Movement Control Order ["MCO"] for all states with the exception of Sarawak until 18 February 2021 and extended to 4 March 2021 for Kuala Lumpur, Selangor, Johor and Penang while other states are under CMCO and Recovery Movement Control Order. Some setbacks in the economic recovery and growth for 2021 are expected arising from this MCO ["MCO 2.0"] but the impact is expected to be less severe as compared to the MCO in 2020 as more economic sectors and activities are allowed to operate during MCO 2.0 and businesses are better prepared with proper SOP in place. In addition, the Malaysian government has recently announced the planned rollout of the National Covid-19 Immunisation Programme from end February 2021 which is expected to rein in the Covid-19 pandemic.

3. Current year prospects (continued)

Bank Negara Malaysia in its Monetary Policy Statement dated 20 January 2021 mentioned that: “The growth trajectory is projected to improve from the second quarter of 2021 onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures, and higher production from existing and new manufacturing and mining facilities. The roll-out of vaccines in the coming months will also lift sentiments. Downside risks to the outlook remain, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the roll-out of vaccines both globally and domestically.

CPO prices were on the uptrend in early January 2021 and recorded a high of RM3,986 per tonne on 7 January 2021, closing at an average price of RM3,748 per tonne for January 2021 as compared to December 2020’s average price of RM3,620 per tonne. Malaysia’s palm oil stocks at end of January 2021 were 1.32 million tonnes, higher than December 2020 closing stock of 1.26 million tonnes inspite of lower CPO output by 15.52% month-on-month. Based on export statistics by cargo surveyors, palm oil exports in January 2021 fell between 32% to 37% month-on month. This was probably due to traders front-loaded their CPO exports in December 2020 ahead of the reinstatement of export tax of 8% on CPO by the Malaysian government effective 1 January 2021. Nevertheless, exports of Malaysian palm oil products rose 27.4% during the period from 1 February to 15 February 2021 as compared to the same period in January 2021 according to cargo surveyor Intertek Testing Services, which provided some relief to the high carry-over stocks from January 2021. FFB production is likely to recover in the second quarter of 2021 as weather conditions are expected to normalise. Accordingly, supply of CPO will be higher. CPO demand from India is expected to be lower in the coming months with the recent changes to its import duty on CPO, crude soybean oil and crude sunflower oil with effect from 2 February 2021. The revised import duty has narrowed the import duty differential between CPO and other crude vegetable oils to just 2.5% as compared to 7.5% previously, thus eroded the price advantage of CPO vis-a-vis other crude and refined vegetable oils. Industry analysts expect this revision to impact India’s palm oil refining industry and could favour imports of processed palm oil over CPO into India. Based on the foregoing, CPO prices are likely to be lower in the near future. Nevertheless, this may be mitigated by lower global supply of soyoil affected by the drought effect of La Nina on soybean crops in Argentina, Brazil and Paraguay. MCO 2.0 is not expected to affect the operations in the plantation sector as this is categorized as an essential economic sector and is allowed to operate under strict SOP. However, this sector faces labour shortages as foreign labour could not re-enter Malaysia due to borders closure and consequently FFB harvesting activities may be affected resulting in lower production. The Group’s Plantation Division currently does not face critical labour shortages which may affect its FFB harvesting activities. The division has implemented various stringent measures in its operations to curb the spread of the Covid-19 infections. As such, it is unlikely that the pandemic would impact the FFB production of the division.

The Malaysian property market is still experiencing significant overhang in residential and commercial properties (including serviced apartments). However, historic low interest rates and the various incentives granted by the government under PENJANA are expected to reduce barriers to prospective purchasers of residential properties. These incentives which include the Home Ownership Campaign from 1 June 2020 to 31 May 2021 and Real Property Gains Tax exemption from 1 June 2020 to 31 December 2021 (to a maximum of 3 units per individual) and stamp duty exemption on the memorandum of transfer and loan agreement granted to the purchase of a first residential property by Malaysian citizens valued up to RM500,000 for agreements executed between 1 January 2021 to 31 December 2025 are expected to continue to encourage customers’ buying interest and assist in the recovery of the property market. Accordingly, the Property Division anticipates its property projects in the affordable homes segment to continue to benefit from these government initiatives. Progress work and construction activities are expected to pick up gradually, subject to the effectiveness of government measures to contain the Covid-19 pandemic and the easing of the MCO. The division will continue to focus on its sales and marketing activities to drive property project sales as well as putting concerted efforts to optimise its investment properties’ occupancy rates and rental yield.

3. Current year prospects (continued)

The Credit Financing Division expects the current economic conditions surrounding its sectors of financing to remain challenging amid the prolonged Covid-19 pandemic. To mitigate market and credit risks and to minimise non-performing loans, it will continue to exercise caution in its loan approval process with stringent credit risk assessment and constantly reviewing its lending policies, focusing on pre-selected sectors and existing quality customers to maintain a stable and quality loan receivable portfolio. Concerted efforts will be placed on credit control and debt collections, strengthening its loan recovery and rehabilitation process to mitigate expected higher loan impairment. The division will continue to play a pivotal role in co-ordinating the Group's synergistic opportunities across all business segments.

The Automotive Division expects its passenger car segment to continue to benefit from the extension of sales tax exemption till 30 June 2021 and the current accommodative hire purchase interest rates. However, due to MCO 2.0, there was a drop in walk-in sales at the showrooms and may affect sales if the MCO is prolonged. Its commercial vehicle segment will continue to operate in a competitive market amid the challenging economic environment. Nevertheless, the Division will focus on reducing its operating costs and stocks level to reduce stockholding costs while continue to provide service excellence and building on its market presence amid the intense competition from other brands and dealers. The construction of the division's Body & Paint Centre was completed in December 2020 and is scheduled to commence operations in March 2021. With this new addition, the division's market coverage on after sales and services segment will be broadened and expected to enhance sales.

The Trading Division anticipates fertilizers demand to remain positive supported by the current strong CPO prices inspite of the competitive business environment in all its geographical markets. However, labour shortage in some plantations and heavy rainfall may hinder fertilizers application and result in plantations deferring deliveries of fertilizers. The general trading and ceramic tiles businesses expect slowdown in market demand with the enforcement of MCO 2.0 as property development and construction activities are affected by the slow pick up in progress work due to labour shortage and stringent SOP imposed by the authorities during this period. The division will continue to place concerted efforts on managing inventories and receivables, and reducing costs to mitigate the negative economic impact to protect its profitability.

The Building Materials Division anticipates the market conditions in the supply chain of its quarry, asphalt and brick businesses to be subdued in view of the enforcement of MCO 2.0. With the recent restructuring and downsizing of its brick factories operations and continuous rationalisation of its operations to optimise costs, it expects improvement in these businesses moving forward. In Singapore, GDP was projected to grow between 4% to 6% in 2021 by the Ministry of Trade and Industry Singapore ["MTIS"] and according to the press release by MTIS on 23 November 2020, "the recovery of the Singapore economy in the year ahead is expected to be gradual, and will depend to a large extent on how the global economy performs and whether Singapore is able to continue to keep the domestic Covid-19 situation under control". In view of this, Hafary expects the economic environment to remain challenging in the near-term with the ongoing strict containment measures of Covid-19 and slow pick-up in renovation works caused by cautiousness in consumers' spending.

Based on the Group's relatively healthy financial position, the Board is of the view that the Group is well-placed to benefit from acquisition opportunities and improve its overall performance for the financial year ending 31 December 2021, despite the uncertainties in the domestic and global economies, as well as the Covid-19 vaccine efficacy.

4. Variances between actual profit and forecast profit
(a) Profit Forecast

The Company has not provided any profit forecast in any public document.

(b) Profit Guarantee

In the acquisition of Malaysian Mosaics Sdn Bhd ["MMSB"] in the financial year 2016, the Company entered into a shares sale agreement with Gek Poh (Holdings) Sdn Bhd ["Gek Poh"], whereby Gek Poh has provided a guarantee that the consolidated profit after tax ["PAT"] of MMSB shall not be less than the amount as set out below for the 5 financial years commencing from financial year ended 31 December 2016 ["Guaranteed PAT"].

The Guaranteed PAT and the audited or unaudited PAT/loss after tax ["LAT"] up to the year ended 31 December 2020, being the last year of Guaranteed PAT are as follows:

	Guaranteed PAT RM'000	PAT/(LAT) RM'000	Surplus/ (shortfall) RM'000
31 December 2016	30,710	*30,826	116
31 December 2017	40,927	**5,233	(35,694)
31 December 2018	53,897	*(121,410)	(175,307)
31 December 2019	67,523	*(24,328)	(91,851)
31 December 2020	81,973	*** (97,928)	(179,901)
Total	<u>275,030</u>	<u>(207,607)</u>	<u>(482,637)</u>

* audited PAT/(LAT)

** audited PAT, excluding the net gain from disposal of land and buildings of approximately RM60.33 million

*** unaudited LAT

Based on the unaudited results of MMSB for the financial year ended 31 December 2020, the Guaranteed PAT for the financial year ended 31 December 2020 has not been fulfilled, therefore, Gek Poh has an obligation to pay the shortfall of RM179.901 million to the Company. Accordingly, the Company has recognised the aforesaid profit guarantee shortfall in the profit or loss as disclosed in Note 5 below.

(c) Contingent Consideration

A reversal of contingent asset of RM76.388 million has been recognised in the profit or loss as disclosed in Note 5 below.

5. Profit before tax

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	14,090	14,542	43,282	28,570
Dividend income from equity investment at fair value through other comprehensive income	150	150	600	670
Dividend income from equity investment at fair value through profit or loss	1,128	-	4,688	9,229
Dividend income from money market deposits	10,675	6,456	35,570	22,490
Gain/(Loss) on equity investment at fair value through profit or loss	11,347	1,484	(1,614)	(8,348)
Gain/(Loss) on money market deposits at fair value	43	(1,350)	(2,187)	9
Interest expense	(57,870)	(79,331)	(247,118)	(262,349)
Depreciation and amortisation	(51,134)	(50,185)	(211,577)	(218,146)
Net allowance of impairment losses				
- trade receivables	(16,767)	(13,024)	(38,987)	(20,808)
Net inventories written down	(40,802)	(15,050)	(50,526)	(22,434)
(Loss)/Gain on disposal of property, plant and equipment	(510)	247	209	5,545
Impairment loss on property, plant and equipment	(63,366)	(3,920)	(63,366)	(3,920)
Property, plant and equipment written off	(18,449)	(2,968)	(21,892)	(6,078)
Biological asset written off	(41)	-	(41)	-
Investment property written off	-	-	-	(318)
Bad debts written off	(90)	(112)	(90)	(129)
Net foreign exchange (loss)/gain	(885)	(23,687)	48,924	(17,622)
Loss on non-hedging derivative instruments	(2,163)	(3,304)	(1,877)	(1,422)
Gain from fair value adjustments of investment properties	49,782	25,566	59,204	25,566
Gain on fair value of biological assets	6,033	3,514	8,287	9,277
Recovery of bad debts	44	390	451	769
Other gain/(loss) items				
- Gain on disposal of a subsidiary	-	472,034	-	472,034
- (Impairment loss)/Reversal of impairment loss on investment in associates	(7,175)	14,138	(7,175)	14,138
- Impairment loss on intangible assets				
- goodwill	(4,201)	-	(4,201)	-
- Profit guarantee shortfall from holding company	179,901	91,851	179,901	91,851
- Contingent consideration	(76,388)	(27,886)	(76,388)	(27,886)
	92,137	550,137	92,137	550,137

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

6. Tax expense

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	133,749	68,481	341,965	294,473
- deferred tax	(4,493)	2,924	(27,795)	(31,832)
	<u>129,256</u>	<u>71,405</u>	<u>314,170</u>	<u>262,641</u>
In respect of prior period				
- income tax	(4,545)	2,226	(5,088)	1,869
- deferred tax	(992)	(7,169)	(992)	(7,122)
	<u>(5,537)</u>	<u>(4,943)</u>	<u>(6,080)</u>	<u>(5,253)</u>
	<u>123,719</u>	<u>66,462</u>	<u>308,090</u>	<u>257,388</u>

The Group's effective tax rate for the current quarter and the year (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 and deferred tax assets not recognised on business losses by certain subsidiaries but offset by certain gains not subjected to tax.

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

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 19 February 2021.

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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:

<u>Purpose</u>	<u>Proposed Utilisation</u>		<u>As at 31 December 2020 Utilisation</u>	<u>Deviation under/(over) spent</u>		<u>Explanation</u>
	<u>*Circular</u> RM'000	<u>**Adjusted</u> RM'000		RM'000	RM'000	
Repayment of borrowings	250,000	250,000	250,000	-	-	
Working capital requirements:						
(i) <u>Part finance the cost of property developments in Klang Valley</u>						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) <i>Jalan Kia Peng Service Apartment</i>	100,000	100,000	40,632	59,368	59	
(b) <i>Menara Hap Seng 3</i>	200,000	200,000	200,000	-	-	
	<u>300,000</u>	<u>300,000</u>	<u>240,632</u>	<u>59,368</u>	<u>20</u>	
(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	89,368	^ (59,368)	(198)	
(c) <i>building materials such as steel bars, wire mesh and cement</i>	30,000	30,000	30,000	-	-	
	<u>80,664</u>	<u>90,293</u>	<u>151,252</u>	<u>(60,959)</u>	<u>(68)</u>	
	<u>380,664</u>	<u>390,293</u>	<u>391,884</u>	<u>(1,591)</u>	<u>(0.4)</u>	
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)	
	<u>771,164</u>	<u>780,793</u>	<u>780,793</u>	<u>-</u>		

* 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:

<u>Purpose</u>	As at 31 December 2020			Intended Timeframe for Utilisation	Deviation under/(over) spent		<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 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		-	-	
	<u>905,500</u>	-	<u>905,417</u>		<u>-</u>	<u>-</u>	
Estimated expenses	500	583	-		(83)	(17)	The 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>		

* 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 HCMPL to Lei Shing Hong Capital Limited [“HCMPL Disposal”]. The status of the utilisation of proceeds from HCMPL Disposal is as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u>		<u>As at 31 December 2020</u>		<u>Intended Timeframe for Utilisation</u>	<u>Deviation under/(over) spent</u>		<u>Explanation</u>
	<u>Per *Circular</u> RM'000	<u>**Adjusted</u> RM'000	<u>Utilisation</u> RM'000	<u>Balance Unutilised</u> RM'000		RM'000	%	
Repayment of borrowings	500,000	500,000	500,000	-	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>Property development and property investment costs</u> <i>Part finance the KL Midtown mixed Development and the construction of Hyatt Centric Kota Kinabalu hotel</i>	125,000	125,000	125,000	-				
(ii) <u>Purchase of inventories</u>								
(a) <i>Fertilisers</i>	40,000	40,000	40,000	-				
(b) <i>Automobiles</i>	26,044	33,064	33,148	-		# (84)	(0.3)	
(c) <i>building materials such as steel bars, wire mesh and cement</i>	30,000	30,000	26,910	3,090		-	-	
	<u>96,044</u>	<u>103,064</u>	<u>100,058</u>	<u>3,090</u>			<u>(84)</u>	
	<u>221,044</u>	<u>228,064</u>	<u>225,058</u>	<u>3,090</u>		<u>(84)</u>	<u>(0.04)</u>	
Estimated expenses	<u>700</u>	<u>700</u>	<u>616</u>	<u>-</u>		<u>84</u>	<u>12</u>	The under spent has been utilised for working capital requirement of item (ii)(b) #
	<u>721,744</u>	<u>728,764</u>	<u>725,674</u>	<u>3,090</u>		<u>-</u>		

* 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 31.12.2020 —————→					
	←————— Denominated in —————→					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	14,780	-	-	14,780
- Revolving credits	-	-	58,937	-	-	58,937
	-	-	73,717	-	-	73,717
Unsecured						
- Term loans	785,176	354,345	-	-	-	1,139,521
- Revolving credits	1,184,499	282,108	-	-	30,862	1,497,469
- Trust receipts	-	-	18,179	13,206	-	31,385
- Bankers' acceptances	162,333	3,757	-	-	-	166,090
- Medium term notes	275,000	-	-	-	-	275,000
	2,407,008	640,210	18,179	13,206	30,862	3,109,465
Total current borrowings	2,407,008	640,210	91,896	13,206	30,862	3,183,182
Non-current						
Secured						
- Term loans	-	-	249,894	-	-	249,894
Unsecured						
- Term loans	241,867	-	-	-	-	241,867
- Medium term notes	2,815,000	-	-	-	-	2,815,000
	3,056,867	-	-	-	-	3,056,867
Total non-current borrowings	3,056,867	-	249,894	-	-	3,306,761
Total borrowings	5,463,875	640,210	341,790	13,206	30,862	6,489,943

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 RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
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
Non-current						
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 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, 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 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, 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 31 December 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/JPY)					
- Designated as hedging instruments*	187,221	(11,097)	(6,684)	6,677	(7)
- Not designated as hedging instruments	335,576	(4,996)	(1,632)	(245)	(1,877)
	<u>522,797</u>	<u>(16,093)</u>	<u>(8,316)</u>	<u>6,432</u>	<u>(1,884)</u>
Cross currency interest rate swaps on foreign currency borrowings of less than 1 year (USD)					
- Designated as hedging instruments*	457,834	(6,688)	(5,385)	10,659	5,274

* *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 31 December 2020 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	2,643,886	88	2,643,974
(b) To individuals	354,167	1,208	355,375
(c) To companies within the listed issuer group	419,862	303,087	722,949
(d) To related parties	-	-	-
	<u>3,417,915</u>	<u>304,383</u>	<u>3,722,298</u>

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

	As at
	31.12.2020
	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	1,841,561
	<u>1,841,561</u>

- (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	82,369
(c) Loans reclassified as performing during the financial year	(16,192)
(d) Amount recovered	(24,835)
(e) Amount written off	(5,783)
(f) Loans converted to securities	-
(g) Balance as at 31.12.2020	<u>87,440</u>
(h) Ratio of net loans in default to net loans	<u>2.35%</u>

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 st	Term Loan	420,000	419,862	Yes	467,834	Yes*	3 - 72
2 nd	Term Loan	380,500	370,054	Yes	364,815	No	12
3 rd	Term Loan	175,948	181,530	Yes	386,540	No	102
4 th	Term Loan	247,000	121,987	No	-	Yes*	36
5 th	Term Loan	155,585	116,927	No	-	Yes*	5 - 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 ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to owners of the Company (RM'000)	351,990	681,960	750,179	1,162,871
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	2,489,670	2,489,670	2,489,670	2,489,670
Basic EPS (sen)	14.14	27.39	30.13	46.71

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

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15. Dividend

Dividends for the current financial year ended 31 December 2020 were 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) second interim dividend of 15 sen (2019: 20 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said second interim dividend was approved by the Directors on 26 November 2020 and paid on 22 December 2020.
- (c) Total dividend for the current financial year ended 31 December 2020 was 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 was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2020.

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

25 February 2021