CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2021

	Quarter ended			Year-to-date ended		
	30.6.2021	**30.6.2020**	***Increase/***	**30.6.2021**	**30.6.2020**	***Increase/***
	RM'000	RM'000	***(Decrease)***	RM'000	RM'000	***(Decrease)***
Revenue	1,262,449	989,576	*28%*	2,539,953	2,464,577	*3%*
Operating expenses	(1,074,468)	(856,115)		(2,144,367)	(2,094,447)	
Other operating income	23,013	23,537		62,341	78,636	
Operating profit	210,994	156,998	*34%*	457,927	448,766	*2%*
Finance costs	(44,310)	(65,498)		(96,255)	(129,092)	
Share of results of associates and joint ventures	5,506	1,139		12,176	7,264	
Profit before tax	172,190	92,639	*86%*	373,848	326,938	*14%*
Tax expense	(48,957)	(46,603)		(110,061)	(117,325)	
Profit for the period	123,233	46,036	*168%*	263,787	209,613	*26%*
Profit attributable to:						
Owners of the Company	97,516	44,078	*121%*	218,348	204,455	*7%*
Non-controlling interests	25,717	1,958		45,439	5,158	
	123,233	46,036		263,787	209,613	
Earnings per share (sen)						
Basic	3.92	1.77	*121%*	8.77	8.21	*7%*
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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2021

	Quarter ended		Year-to-date ended	
	30.6.2021	**30.6.2020**	**30.6.2021**	**30.6.2020**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	123,233	46,036	263,787	209,613
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	3,282	9,024	17,791	(3,838)
Share of foreign currency translation differences of associates and joint ventures	(2,439)	4,700	(2,131)	2,965
Change in fair value of cash flow hedge	1,300	3,547	(4,049)	(2,219)
Total other comprehensive income/(expense) for the period	2,143	17,271	11,611	(3,092)
Total comprehensive income for the period	125,376	63,307	275,398	206,521
Total comprehensive income attributable to:				
Owners of the Company	99,003	59,178	227,678	198,868
Non-controlling interests	26,373	4,129	47,720	7,653
	125,376	63,307	275,398	206,521

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2021

	As at 30.6.2021 RM'000	As at 31.12.2020 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	3,484,423	3,385,120
Investment properties	2,161,128	1,912,593
Investment in associates	466,213	462,020
Investment in joint ventures	8,547	8,066
Land held for property development	1,376,495	1,304,291
Intangible assets	37,987	38,038
Trade and other receivables	1,719,841	1,712,296
Other financial assets	17,203	16,264
Deferred tax assets	113,971	106,928
	9,385,808	8,945,616
Current assets		
Inventories	1,469,185	1,437,321
Property development costs	769,437	905,282
Biological assets	35,752	33,960
Trade and other receivables	2,169,609	2,741,765
Contract assets	24,550	113,738
Tax recoverable	65,516	38,119
Other financial assets	71,654	69,241
Money market deposits	2,027,796	2,024,048
Cash and bank balances	1,280,679	960,872
	7,914,178	8,324,346
TOTAL ASSETS	17,299,986	17,269,962

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 30 JUNE 2021

	As at 30.6.2021 RM'000	As at 31.12.2020 RM'000 (Audited)
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	3,943,315	3,964,887
	7,462,869	7,484,441
Less: Treasury shares	(113)	(113)
	7,462,756	7,484,328
Non-controlling interests	1,199,802	1,173,265
TOTAL EQUITY	8,662,558	8,657,593
Non-current liabilities		
Payables	180,534	174,218
Employee benefits	2,904	2,813
Borrowings	3,606,277	3,306,761
Lease liabilities	131,733	98,635
Deferred tax liabilities	486,006	487,669
	4,407,454	4,070,096
Current liabilities		
Payables	854,269	878,351
Provisions	284,801	251,992
Contract liabilities	35,087	34,054
Tax payable	82,008	142,570
Borrowings	2,944,449	3,183,894
Lease liabilities	26,991	28,230
Other financial liabilities	2,369	23,182
	4,229,974	4,542,273
TOTAL LIABILITIES	8,637,428	8,612,369
TOTAL EQUITY AND LIABILITIES	17,299,986	17,269,962
Net assets per share (RM)	3.00	3.01
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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2021

	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 2021	3,519,554	157,756	3,807,131	(113)	7,484,328	1,173,265	8,657,593
Profit for the period	-	-	218,348	-	218,348	45,439	263,787
Total other comprehensive income for the period	-	9,330	-	-	9,330	2,281	11,611
Total comprehensive income for the period	-	9,330	218,348	-	227,678	47,720	275,398
Changes in ownership interest in subsidiaries	-	-	(283)	-	(283)	5,067	4,784
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(26,250)	(26,250)
At 30 June 2021	3,519,554	167,086	3,776,229	(113)	7,462,756	1,199,802	8,662,558
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	-	-	204,455	-	204,455	5,158	209,613
Total other comprehensive expense for the period	-	(5,587)	-	-	(5,587)	2,495	(3,092)
Total comprehensive income for the period	-	(5,587)	204,455	-	198,868	7,653	206,521
Changes in ownership interest in subsidiaries	-	-	25,994	-	25,994	(135,008)	(109,014)
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid/payables to non-controlling interests	-	-	-	-	-	(11,191)	(11,191)
At 30 June 2020	3,519,554	146,017	3,650,603	(113)	7,316,061	1,140,144	8,456,205

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2021

	Year-to-date ended	
	30.6.2021	**30.6.2020**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	373,848	326,938
Adjustments for:		
Non-cash items	125,535	128,656
Non-operating items	(12,877)	(7,357)
Dividend income	(21,319)	(16,996)
Net interest expense	90,358	109,691
Operating profit before working capital changes	555,545	540,932
Net changes in working capital	619,708	(180,759)
Net changes in loan receivables	(54,330)	89,904
Net tax paid	(207,137)	(111,836)
Net interest paid	(101,236)	(123,592)
Net changes in land held for property development	(66,251)	22,201
Net cash flows generated from operating activities	746,299	236,850
Cash flows from investing activities		
Dividends received from associates and a joint venture	5,371	8,521
Dividends received from equity investments at fair value through profit or loss	1,347	3,560
Dividends received from money market deposits	17,918	13,136
Profit guarantee shortfall received from holding company	179,901	91,851
Increase in money market deposits	(4,200)	(1,140,159)
Acquisition of shares from non-controlling interests	-	(109,023)
Proceeds from issuance of shares to non-controlling interests	2,700	9
Proceeds from disposal of interest in a subsidiary	2,084	-
Proceeds from disposal of property, plant and equipment	1,303	1,022
Proceeds from disposal of equity investment at fair value through profit or loss	5,167	-
Purchase of property, plant and equipment	(140,792)	(55,133)
Additions to investment properties	(248,334)	(41,386)
Net cash flows used in investing activities	(177,535)	(1,227,602)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(275,217)	(256,903)
Net drawdown of borrowings	31,025	1,421,772
Payment of lease liabilities	(15,690)	(16,295)
Net cash flows (used in)/generated from financing activities	(259,882)	1,148,574
Net increase in cash and cash equivalents	308,882	157,822
Effects on exchange rate changes	10,925	650
Cash and cash equivalents at beginning of the period	960,872	1,090,193
Cash and cash equivalents at end of the period	1,280,679	1,248,665
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	876,673	688,468
Cash in hand and at bank	404,006	560,197
Bank overdrafts	-	-
	1,280,679	1,248,665

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

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 2020.

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 period of the current financial year or changes in estimates 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 June 2021, the Company held 12,000 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 2,489,681,583 ordinary shares.

6. **Dividends**

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

	Year-to-date ended	
	30.6.2021	**30.6.2020**
	RM'000	RM'000
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
Dividend in respect of financial year ending 31 December 2021:		
- first interim (10 sen) under the single tier system approved by the Directors on 25 May 2021 and paid on 23 June 2021	248,967	-
	248,967	248,967

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7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter ended 30 June 2021									
Revenue									
External revenue	181,071	196,061	59,445	263,683	433,699	128,490	-	-	1,262,449
Inter-segment revenue	-	5,663	14,434	1,152	25,341	3,734	-	(50,324)	-
Total revenue	181,071	201,724	73,879	264,835	459,040	132,224	-	(50,324)	1,262,449
Operating profit	63,381	79,911	51,279	(3,675)	22,486	10,036	3,270	(15,694)	210,994
Finance costs									(44,310)
Share of results of associates and joint ventures									5,506
Profit before tax									172,190
Preceding year quarter ended 30 June 2020									
Revenue									
External revenue	83,570	239,844	56,524	192,210	384,694	32,734	-	-	989,576
Inter-segment revenue	-	6,201	14,581	3,906	9,754	3,568	-	(38,010)	-
Total revenue	83,570	246,045	71,105	196,116	394,448	36,302	-	(38,010)	989,576
Operating profit	31,980	140,432	58,770	(19,182)	(15,584)	(16,581)	7,415	(30,252)	156,998
Finance costs									(65,498)
Share of results of associates and joint ventures									1,139
Profit before tax									92,639

7. **Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 30 June 2021									
Revenue									
External revenue	302,393	458,200	118,594	569,872	851,221	239,673	-	-	2,539,953
Inter-segment revenue	-	11,323	28,665	7,150	48,851	14,045	-	(110,034)	-
Total revenue	302,393	469,523	147,259	577,022	900,072	253,718	-	(110,034)	2,539,953
Operating profit	103,228	219,923	107,133	(1,151)	42,193	25,527	4,888	(43,814)	457,927
Finance costs									(96,255)
Share of results of associates and joint ventures									12,176
Profit before tax									373,848
Segment assets	2,258,550	6,345,342	3,188,878	773,365	1,188,529	1,116,361	1,774,714	-	16,645,739
Segment liabilities	67,561	1,186,104	1,918,503	251,655	634,547	672,032	3,339,012	-	8,069,414
Year-to-date ended 30 June 2020									
Revenue									
External revenue	185,431	721,661	115,286	469,137	831,764	141,298	-	-	2,464,577
Inter-segment revenue	-	15,198	30,196	4,822	39,842	14,729	-	(104,787)	-
Total revenue	185,431	736,859	145,482	473,959	871,606	156,027	-	(104,787)	2,464,577
Operating profit	25,635	389,224	125,821	(29,242)	509	(11,183)	567	(52,565)	448,766
Finance costs									(129,092)
Share of results of associates and joint ventures									7,264
Profit before tax									326,938
Segment assets	2,161,834	6,195,318	3,422,901	897,912	1,383,670	1,114,183	2,467,001	-	17,642,819
Segment liabilities	71,453	1,497,402	2,159,507	279,663	973,128	546,359	3,664,931	-	9,192,443

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 interim period and up to 19 August 2021 that have not been reflected in these interim financial statements are as follows:

(a) On 21 July 2021, the dissolution of *MML Ceramic (Thailand) Co., Ltd, [“MML Thailand”] was completed. MML Thailand was incorporated in Thailand on 1 August 2016 as a private limited company and had been dormant since incorporation.

(b) On 2 August 2021, Hafary Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited, which is a 50.82% owned subsidiary of *Hap Seng Investment Holdings Pte Ltd, incorporated a wholly-owned subsidiary namely, Hafary Crescent Pte. Ltd. [“HCPL”] in Singapore with an issued share capital of S$100.00 comprising 100 ordinary shares. HCPL is principally involved in cutting, shaping and finishing of stone as well as in investment holding.

(c) On 2 August 2021, *Hap Seng Realty Sdn Bhd incorporated a wholly-owned subsidiary namely, My Universal Properties Sdn Bhd [“My Universal Properties”], with an issued share capital of RM1.00 comprising 1 ordinary share. My Universal Properties is currently dormant.

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

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 22 April 2021, *Hap Seng Land Development Sdn Bhd [“HSLD”] incorporated a wholly-owned subsidiary namely, Suria Kapital Development Sdn Bhd [“Suria Kapital”], with an issued share capital of RM1.00 comprising 1 ordinary share. Subsequently, on 6 May 2021, Suria Kapital allotted 10,799,999 and 2,700,000 ordinary shares to HSLD and Jinee Sdn Bhd respectively. With the aforesaid allotment, Suria Kapital became an 80%-owned subsidiary of the Company. Suria Kapital is principally involved in property development.

(b) On 11 May 2021, *Hap Seng Realty Sdn Bhd [“HSR”] incorporated a wholly-owned subsidiary namely, Sunrise Spring Sdn Bhd [“Sunrise Spring”], with an issued share capital of RM1.00 comprising 1 ordinary share. Subsequently, on 3 June 2021, HSR disposed the entire issued share capital of Sunrise Spring to Hap Seng Hospitality Sdn Bhd for a cash consideration of RM1.00. Sunrise Spring is currently dormant.

(c) On 25 May 2021, *Hap Seng Land Sdn Bhd incorporated a wholly-owned subsidiary namely, Hap Seng Hospitality Sdn Bhd [“HS Hospitality”], with an issued share capital of RM1.00 comprising 1 ordinary share. HS Hospitality is principally involved in investment holding.

(d) On 31 May 2021, *Hap Seng Hospitality Sdn Bhd incorporated a wholly-owned subsidiary namely, Trio Sunrise Sdn Bhd [“Trio Sunrise”], with an issued share capital of RM1.00 comprising 1 ordinary share. Trio Sunrise is currently dormant.

(e) During the interim period, the Company disposed of a total of 1,139,700 ordinary shares representing approximately 0.14% of equity interest in Hap Seng Plantations Holdings Berhad [“HSP”] via open market at an average disposal price of RM1.83 per share, thereby reducing its shareholding in HSP from 60.03% to 59.89%. HSP is the Company’s subsidiary listed on Bursa Malaysia Securities Berhad.

* *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 August 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 does not have any contingent liability or contingent asset as at the end of the interim period which is expected to have an operational or financial impact on the Group.

12. **Capital commitments**

The Group has the following capital commitments:

	As at 30.6.2021	**As at 31.12.2020**
	RM'000	RM'000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	231,745	289,620
- investment properties	57,969	99,114
	289,714	388,734

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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 2 July 2020 and 25 May 2021, except for the following:

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 Rancha-Rancha, 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 "said 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 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 said 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 said 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 said 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 said Acquisition.

The said 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.

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 RM1.26 billion was 28% higher than the preceding year corresponding quarter of RM0.99 billion with higher revenue from all divisions except Property Division. Group's operating profit for the current quarter at RM211 million was 34% higher than the preceding year corresponding quarter of RM157 million with improved results from Plantation, Automotive, Trading and Building Materials Divisions but reduced somewhat by lower contribution from Property and Credit Financing Divisions. Consequently, the Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM172.2 million and RM123.2 million were significantly higher than the preceding year corresponding quarter of RM92.6 million and RM46 million respectively. The better results also benefitted from lower finance costs attributable to lower average level of borrowings and cost of funds.

Plantation Division's revenue for the current quarter at RM181.1 million more than doubled that of the preceding year corresponding quarter of RM83.6 million mainly benefitted from higher average selling prices realisation and higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"]. Average selling price per tonne of CPO and PK for the current quarter were significantly higher at RM4,365 and RM2,709 respectively as compared to the preceding year corresponding quarter of RM2,321 for CPO and RM1,382 for PK. CPO sales volume for the current quarter at 35,713 tonnes was 16% above the preceding year corresponding quarter whilst PK sales volume was 3% higher at 7,951 tonnes mainly attributable to favourable inventories movement. Production of CPO and PK for the current quarter were both marginally lower than the preceding year corresponding quarter attributable to lower fresh fruit bunches ["FFB"] production but mitigated somewhat by higher FFB purchased. FFB production for the current quarter was 3% below the preceding year corresponding quarter with lower FFB yield due to seasonal yield trend and changes in cropping patterns. Consequently, operating profit for the current quarter at RM63.4 million was significantly higher than the preceding year corresponding quarter of RM32 million.

Property Division's revenue for the current quarter at RM201.7 million was 18% below the preceding year corresponding quarter of RM246 million mainly due to lower sales of non-strategic properties but mitigated somewhat by higher contribution from property development and investment properties segments. Generally, property development benefitted from higher sales of completed project stocks in both Sabah and Klang Valley, partially negated by lower ongoing project sales which were affected by slower progress completion due to the enforcement of the Full Movement Control Order ["FMCO"] during the current quarter. The division's investment properties segment continued to benefit from Menara Hap Seng 3 and its newly acquired investment properties in Labuan. Overall, the division's operating profit for the current quarter at RM79.9 million was 43% lower than the preceding year corresponding quarter of RM140.4 million.

Credit Financing Division's revenue for the current quarter at RM73.9 million was 4% higher than the preceding year corresponding quarter of RM71.1 million in tandem with higher loan base at the end of the current quarter of RM3.81 billion, which was also 4% above the preceding year corresponding quarter of RM3.66 billion. Non-performing loans ratio was higher at 2.48% at the end of the current quarter as compared to 2.40% and 2.30% at the end of the preceding year corresponding quarter and immediate preceding quarter respectively as certain sectors in the division's loan portfolio were adversely affected by the COVID-19 pandemic. This has also resulted in higher provision for impairment on its loan base during the current quarter. Consequently, the division's operating profit for the current quarter at RM51.3 million was 13% lower than the preceding year corresponding quarter of RM58.8 million.

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

Automotive Division's revenue for the current quarter was RM264.8 million, 35% higher than the preceding year corresponding quarter of RM196.1 million with higher revenue from both its passenger car and commercial vehicle segments. The passenger car segment recorded 62% improvement in revenue mainly due to 44% increase in number of cars sold, benefitted from the extension of sales tax exemption granted by the government under PENJANA ["Pelan Jana Semula Ekonomi Negara" or Short-Term Economic Recovery Plan] to 31 December 2021. The after sales and services segment registered a 15% decrease in revenue due to customers delaying sending in their cars for servicing and lower repair and maintenance works as a consequence of reduced car usage during the various Movement Control Orders ["MCO'] period. The commercial vehicle segment registered 14% higher revenue as compared to the preceding year corresponding quarter with higher sales of Fuso trucks. In the current quarter, the division's operating margins for both the passenger car and commercial vehicle segments improved significantly over the preceding year corresponding quarter, particularly from the new and pre-owned passenger car sales. Inspite of the higher revenue and improved operating margin, the division incurred an operating loss of RM3.7 million for the current quarter albeit significantly lower as compared to the preceding year corresponding quarter's operating loss of RM19.2 million, impacted by non-variable operating costs during the suspension of operations in compliance with the various MCO period as well as the start-up and dealers' network development costs for its commercial vehicles segment.

Trading Division's revenue for the current quarter at RM459 million was 16% higher than the preceding year corresponding quarter of RM394.4 million with better performance from all its businesses. Revenue from fertilizers trading business for the current quarter at RM349.3 million was 8% higher than the preceding year corresponding quarter attributable to higher sales volume and higher average selling prices, benefitted from the improvement in market demand supported by the strong CPO prices. General trading business recorded higher revenue at RM67.9 million, 44% above the preceding year corresponding quarter with higher average gross profit margin as operating results for the preceding year corresponding quarter was badly impacted by the suspension of business activities during the initial implementation of MCO. Ceramic tiles business' revenue for the current quarter at RM41.8 million was 68% above the preceding year corresponding quarter with higher sales volume from its domestic and export markets as well as its overseas operations. In the current quarter, the division also incurred significantly lower foreign exchange losses and lower operating costs by 8% as concerted efforts were made to improve operational efficiencies and control costs. Consequently, the division registered an operating profit of RM22.5 million for the current quarter as compared to an operating loss of RM15.6 million in the preceding year corresponding quarter.

Building Materials Division comprises the quarry, asphalt and bricks businesses and trading of building materials by Hafary Holdings Limited ["Hafary"]. The division's revenue for the current quarter at RM132.2 million more than tripled that of the preceding year corresponding quarter's RM36.3 million with higher revenue from both business segment. Revenue from quarry, asphalt and bricks businesses for the current quarter at RM34.5 million was 77% above the preceding year corresponding quarter mainly due to higher sales volume of aggregate products in Malaysia and Singapore. Hafary's revenue for the current quarter at RM97.7 million was significantly higher than the preceding year corresponding quarter of RM16.8 million with improved sales performance from both the project and general sectors contributed by the recovery of activities in the construction and renovation segment in Singapore. Overall, the division registered an operating profit of RM10 million for the current quarter, a significant improvement over the preceding year corresponding quarter's operating loss of RM16.6 million. The operating results for the preceding year corresponding quarter were badly impacted by the suspension of operations in compliance with the various MCO in Malaysia and the Circuit Breaker ["CB"] measures in Singapore.

Group PBT and PAT for the year to date at RM373.8 million and RM263.8 million were higher than the preceding year corresponding period by 14% and 26% respectively. Accordingly, profit attributable to owners of the Company for the year to date at RM218.3 million and basic earnings per share for the year to date at 8.77 sen were both 7% higher than the preceding year corresponding period.

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

	Current Quarter ended **30.6.2021** RM'000	Immediate Preceding Quarter ended **31.3.2021** RM'000	*Increase/ (Decrease)*
Revenue	1,262,449	1,277,504	*(1%)*
Operating profit	210,994	246,933	*(15%)*
Profit before tax	172,190	201,658	*(15%)*

Group PBT for the current quarter at RM172.2 million was 15% lower than the immediate preceding quarter of RM201.7 million as the Group's businesses in the current quarter continue to be affected by the economic uncertainties amid the COVID-19 pandemic following the re-enforcement of the various MCO. Generally, the Plantation and Trading Divisions achieved improved operating profits which were negated by the lower contribution from Property, Credit Financing, Automotive and Building Materials Divisions.

Plantation Division's operating profit for the current quarter at RM63.4 million was 59% higher than the immediate preceding quarter of RM39.8 million attributable to higher average selling prices and sales volume of CPO and PK. Average selling price per tonne of CPO and PK were 13% and 5% higher than the immediate preceding quarter of RM3,854 and RM2,585 respectively. Sales volume of CPO and PK for the current quarter were 36% and 18% above the immediate preceding quarter of 26,288 tonnes and 6,763 tonnes respectively mainly benefitted from favourable inventories movement and higher CPO and PK production arising from higher FFB production and oil extraction rate.

Trading Division's operating profit for the current quarter at RM22.5 million was 14% higher than the immediate preceding quarter of RM19.7 million with improved profit margin achieved from all businesses.

Property Division's operating profit for the current quarter at RM79.9 million was 43% below the immediate preceding quarter of RM140 million mainly due to lower sales of non-strategic properties in the current quarter.

Credit Financing Division's operating profit for the current quarter at RM51.3 million was 8% lower than the immediate preceding quarter of RM55.9 million with higher provision for impairment on its loan base and lower loan disbursements as the division continues to be prudent in its loan approval process in view of the current economic uncertainties.

Automotive Division recorded an operating loss for the current quarter of RM3.7 million as compared to the immediate preceding quarter's operating profit of RM2.5 million mainly attributable to lower sales of passenger cars and commercial vehicles impacted by the FMCO during the current quarter.

Building Materials Division's operating profit for the current quarter at RM10 million was 35% below the immediate preceding quarter of RM15.5 million mainly due to lower sales from quarry, asphalt and brick businesses, impacted by the slowdown in construction activities due to the enforcement of FMCO during the current quarter. The current quarter results were also impacted by higher impairment loss on inventories in Hafary.

3. **Current year prospects**

The surge in COVID-19 cases in Malaysia and the imposition of more stringent containment measures nationwide have adversely impacted the various economic sectors in Malaysia, particularly, the small and medium enterprises. Against this back drop, the Malaysian economic growth is expected to be adversely affected and the degree of the impact will depend on the effectiveness of the COVID-19 containment measures and the speed of the vaccination programme to potentially curb the spread of COVID-19 transmissions. Bank Negara Malaysia ["BNM"] has revised the country's forecast growth to between 3% and 4% for 2021 and in its Monetary Policy Statement dated 8 July 2021 mentioned that: "Going forward, the gradual relaxation of containment measures, alongside the rapid progress of the domestic vaccination programme and continued strength in external demand will provide support for the growth recovery into 2022. The growth outlook, however, remains subject to significant downside risks, due mainly to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery. The materialisation of these risks could undermine the growth recovery." The Monetary Policy Committee of BNM has also decided to maintain the Overnight Policy Rate at 1.75 percent in its meeting on 8 July 2021.

The Plantation sector which is categorized as an essential economic sector remains in operation during this period under stricter standard operating procedures. The average CPO price rose by 7.8% month-on-month and 64% year-on-year to RM4,129 per tonne in July 2021. Malaysian palm oil inventories decreased by 7% to 1.496 million tonnes at end July 2021 from 1.614 million tonnes at end June 2021. The expected decline in palm oil inventories and production for the year which was attributed to ageing trees, slower new planting rates and shortage of foreign workers may continue to support the current high palm oil prices in the near term. However, the recent reduction in Indonesia's export levies may encourage Indonesian planters to export more of their CPO in the second half of 2021 and cause a demand shift from Malaysia. The surge in COVID-19 cases globally, particularly in India, the world's largest palm oil importer continues to cause uncertainties in the global demand outlook of palm oil.

The Malaysian property market remains challenging as business operations continue to be constrained by stricter standard operating procedures during FMCO which affected sales operations as sales offices were closed. However, construction works are still allowed for certain construction sites which may ease the earnings recovery for property companies. Investor sentiments are affected by the uncertainties arising from the pandemic in the region and the extension of stringent containment measures led to further concerns over the economic outlook. The Home Ownership Campaign ["HOC"] which has been extended up to 31 December 2021 may create some customers' buying interest to cushion some of the negative impact. The division will continue to focus on its sales and marketing activities with innovative packages and online sales promotion and activities to drive property project sales leveraging on the aforesaid HOC. Concerted efforts will also be put to optimise its investment properties' occupancy rates and rental yield. The effectiveness of government measures to contain the COVID-19 pandemic and the easing of MCO will continue to have a bearing on the property division's sales and construction activities.

The Credit Financing Division expects the current economic conditions surrounding its sectors of financing to remain challenging amid the prolonged COVID-19 pandemic. The division will continue to focus on its pre-selected sectors of financing and existing quality customers to maintain a stable and quality loan receivable portfolio whilst being vigilant on the current economic situation and loan growth opportunities. To mitigate market and credit risks and to minimise non-performing loans, the division will continue to be cautious in its loan approval process with emphasis on stringent credit risk assessment and constant review of its lending policies to cater to the changes in the financing landscape. Concerted efforts are placed on credit control and debt collections, strengthening its loan recovery and rehabilitation process to mitigate expected higher loan impairment. The division continues to play a pivotal role in co-ordinating the Group's synergistic opportunities across all business segments.

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

The automotive industry's outlook is expected to be influenced by the prolonged MCO and FMCO as well as the various restrictions on business operations arising from the government's measures to contain the COVID-19 pandemic. The Automotive Division's passenger car and commercial vehicle segments are expected to operate in a competitive market amid the challenging business and economic environment. Nevertheless, the extension of sales tax exemption for passenger cars to end December 2021 and the current accommodative hire purchase interest rates may continue to encourage consumer spending. The division will continue to strengthen its dealership network and improve profitability whilst providing service excellence amid the intense competition from other brands and dealers.

Fertilizers prices continue to increase globally driven by tight supply and rising freight rate amid the strong demand boosted by strong commodity prices. Accordingly, the Trading Division anticipates fertilizers demand to remain strong, supported by the current high CPO prices amid the competitive business environment in all its geographical markets. However, fertilizers deliveries may be affected, as a consequence of delay in shipments due to the COVID-19 pandemic coupled with stricter movement controls and restrictions implemented by the plantation sector. The general trading and ceramic tiles businesses are expected to continue operating in very challenging and competitive business environment, affected by the prolonged COVID-19 pandemic and stringent containment measures during the various MCO and FMCO. Nevertheless, the division will continue to focus on managing its inventories and receivables as well as cost containment to protect its profitability.

The Building Materials Division anticipates the market conditions in the supply chain of its quarry, asphalt and brick businesses to remain subdued in view of the constraints on business activities due to the various MCO and FMCO amid the prolong COVID-19 pandemic. Nevertheless, these businesses which had undergone certain rationalisation exercise end of last year are expected to be resilient and contribute positively to the division. GDP growth in Singapore for 2021 is projected to remain at its previous forecast of 4% to 6% with growth from the trade and manufacturing sectors as well as gradual recovery in construction, aviation and tourism related sectors. Hafary is expected to benefit from the activities in the construction and renovation sectors, whilst focusing on improving its profitability and enhancing its market leadership amid the challenging economic environment.

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

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.

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5. **Profit before tax**

	Quarter ended		Year-to-date ended	
	30.6.2021	**30.6.2020**	**30.6.2021**	**30.6.2020**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	2,870	10,079	5,897	19,401
Dividend income from equity investment at fair value through other comprehensive income	288	150	438	300
Dividend income from equity investment at fair value through profit or loss	2,963	3,560	2,963	3,560
Dividend income from money market deposits	9,422	8,460	17,918	13,136
(Loss)/Gain on equity investment at fair value through profit or loss	(905)	548	(2,537)	(10,314)
Loss on money market deposits at fair value	(142)	(1,446)	(452)	(1,310)
Interest expense	(44,310)	(65,498)	(96,255)	(129,092)
Depreciation and amortisation	(47,043)	(52,690)	(94,829)	(106,956)
Net allowance of impairment losses - trade receivables	(9,464)	(5,499)	(18,508)	(7,122)
Net inventories written down	(8,244)	(4,603)	(10,796)	(7,867)
Gain/(Loss) on disposal of property, plant and equipment	658	(3)	701	93
Property, plant and equipment written off	(138)	(503)	(643)	(1,433)
Bad debts written off	(215)	-	(215)	-
Net foreign exchange gain	997	2,974	2,633	16,066
(Loss)/Gain on non-hedging derivative instruments	(2,767)	(10,887)	4,196	3,066
(Loss)/Gain from fair value adjustments of biological assets	(4,695)	7,592	1,792	(1,896)
Recovery of bad debts	44	63	188	197

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	
	30.6.2021	**30.6.2020**	**30.6.2021**	**30.6.2020**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	51,889	58,834	119,037	140,493
- deferred tax	(2,932)	(12,231)	(8,976)	(23,168)
	48,957	46,603	110,061	117,325

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

The Group's effective tax rate for the preceding year corresponding quarter and 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.

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 August 2021.

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

(a) 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 ["LSHCL"] ["HSCSB Disposal"]. The status of the utilisation of proceeds from HSCSB Disposal is as follows:

Purpose	Proposed Utilisation RM'000	As at 30 June 2021 Utilisation RM'000	As at 30 June 2021 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)		

* *(i) 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.*

(ii) On 28 July 2021, the Company has contributed the entire sale proceeds from HSCSB Disposal of RM905.5 million into HSCSB, whilst LSHCL, the 20% shareholder of HSCSB, proportionately contributed RM226.375 million into HSCSB, both in the form of share capital. The capital injection is to facilitate the refinancing of HSCSB loan disbursements to the various sub-sectors pursuant to the Circular.

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

(b) 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 proceeds from the HCMPL Disposal have been fully utilised as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	**Adjusted RM'000	As at 30 June 2021 Utilisation RM'000	Deviation under/(over) spent RM'000	%	Explanation
Repayment of borrowings	500,000	500,000	500,000			
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	30,000	-	-	
	96,044	103,064	103,148	(84)	(0.1)	
	221,044	228,064	228,148	(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	728,764	-		

* *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 30.6.2021					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	19,889	-	-	19,889
- Revolving credits	-	-	53,996	-	-	53,996
	-	-	73,885	-	-	73,885
Unsecured						
- Term loans	350,408	-	18,513	-	-	368,921
- Revolving credits	1,376,499	403,807	-	-	50,557	1,830,863
- Trust receipts	-	-	40,803	26,446	-	67,249
- Bankers' acceptances	163,910	89,621	-	-	-	253,531
- Medium term notes	350,000	-	-	-	-	350,000
	2,240,817	493,428	59,316	26,446	50,557	2,870,564
Total current borrowings	2,240,817	493,428	133,201	26,446	50,557	2,944,449
Non-current						
Secured						
- Term loans	-	-	280,626	-	-	280,626
Unsecured						
- Term loans	411,919	99,680	74,052	-	-	585,651
- Medium term notes	2,740,000	-	-	-	-	2,740,000
	3,151,919	99,680	74,052	-	-	3,325,651
Total non-current borrowings	3,151,919	99,680	354,678	-	-	3,606,277
Total borrowings	5,392,736	593,108	487,879	26,446	50,557	6,550,726

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

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

	RM	USD	SGD	Euro	IDR	Total
	As at 31.12.2020					
	Denominated in					
	RM'000	RM'000	RM'000	RM'000	RM'000	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	281,820	-	-	30,862	1,497,181
- Trust receipts	-	-	18,179	13,206	-	31,385
- Bankers' acceptances	163,333	3,757	-	-	-	167,090
- Medium term notes	275,000	-	-	-	-	275,000
	2,408,008	639,922	18,179	13,206	30,862	3,110,177
Total current borrowings	2,408,008	639,922	91,896	13,206	30,862	3,183,894
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	5,464,875	639,922	341,790	13,206	30,862	6,490,655

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 continued hearing of the Consolidated RESB Suit originally fixed from 14 June to 25 June 2021 has been vacated due to the Full Movement Control Order. KKHC is yet to fix new 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 continued hearing of the Consolidated RESB Suit originally fixed from 14 June to 25 June 2021 has been vacated due to the Full Movement Control Order. KKHC is yet to fix new 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 June 2021 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*	186,606	3,544	14,637	(15,013)	(376)
- Not designated as hedging instruments	514,291	2,077	7,343	(3,147)	4,196
	700,897	5,621	21,980	(18,160)	3,820
Cross currency interest rate swaps on foreign currency borrowings of less than 2 years (USD)					
- Designated as hedging instruments*	299,800	434	7,122	(10,795)	(3,673)

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

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

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

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

13. **Provision of financial assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's subsidiaries, Hap Seng Credit Sdn Bhd and HS Credit (Birmingham) Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 30 June 2021 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	2,729,652	67	2,729,719
(b)	To individuals	339,760	1,205	340,965
(c)	To companies within the listed issuer group	419,790	323,849	743,639
(d)	To related parties	-	-	-
		3,489,202	325,121	3,814,323

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

		As at 30.6.2021
		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	1,883,879
		1,883,879

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

		RM'000
(a)	Balance as at 1.1.2021	87,440
(b)	Loans classified as in default during the financial year	37,433
(c)	Loans reclassified as performing during the financial year	(16,538)
(d)	Amount recovered	(13,609)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 30.6.2021	94,726
(h)	Ratio of net loans in default to net loans	2.48%

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	419,790	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	380,500	383,694	Yes	364,815	No	12
3rd	Term Loan	175,948	190,812	Yes	386,540	No	102
4th	Term Loan	169,400	167,519	Yes	163,350	No	12
5th	Term Loan	155,585	148,928	No	-	Yes*	3 - 30

* *Companies within the listed issuer group.*

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

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

	Quarter ended		**Year-to-date ended**	
	30.6.2021	**30.6.2020**	**30.6.2021**	**30.6.2020**
Profit attributable to owners of the Company (RM'000)	97,516	44,078	218,348	204,455
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)	3.92	1.77	8.77	8.21

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

15. **Dividend**

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

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

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2020 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
Company Secretary
Kuala Lumpur
25 August 2021