

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

	Quarter ended			Year-to-date ended		
	30.9.2021 RM'000	30.9.2020 RM'000	Increase/ (Decrease)	30.9.2021 RM'000	30.9.2020 RM'000	Increase/ (Decrease)
<b>Revenue</b>	1,633,478	1,661,690	(2%)	4,173,431	4,126,267	1%
Operating expenses	(1,066,662)	(1,409,987)		(3,211,029)	(3,504,434)	
Other operating income	24,686	80,231		87,027	158,867	
<b>Operating profit</b>	591,502	331,934	78%	1,049,429	780,700	34%
Finance costs	(37,522)	(60,156)		(133,777)	(189,248)	
Other gain item	2,992	-		2,992	-	
Share of results of associates and joint ventures	4,550	6,474		16,726	13,738	
<b>Profit before tax</b>	561,522	278,252	102%	935,370	605,190	55%
Tax expense	(155,553)	(67,046)		(265,614)	(184,371)	
<b>Profit for the period</b>	405,969	211,206	92%	669,756	420,819	59%
<b>Profit attributable to:</b>						
Owners of the Company	381,554	193,734	97%	599,902	398,189	51%
Non-controlling interests	24,415	17,472		69,854	22,630	
	405,969	211,206		669,756	420,819	
<b>Earnings per share (sen)</b>						
Basic	15.33	7.78	97%	24.10	15.99	51%
Diluted	N/A	N/A		N/A	N/A	

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

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

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	405,969	211,206	669,756	420,819
<b>Other comprehensive (expense)/income net of tax:</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(4,411)	(1,401)	13,380	(5,239)
Share of foreign currency translation differences of associates and joint ventures	(3,593)	(6,381)	(5,724)	(3,416)
Foreign currency translation differences for foreign operations reclassified to profit or loss	(22)	-	(22)	-
Change in fair value of cash flow hedge	(3,989)	1,359	(8,038)	(860)
<b>Total other comprehensive expense for the period</b>	(12,015)	(6,423)	(404)	(9,515)
<b>Total comprehensive income for the period</b>	<u>393,954</u>	<u>204,783</u>	<u>669,352</u>	<u>411,304</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	369,809	189,052	597,487	387,920
Non-controlling interests	24,145	15,731	71,865	23,384
	<u>393,954</u>	<u>204,783</u>	<u>669,352</u>	<u>411,304</u>

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

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

	<b>As at 30.9.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	3,659,969	3,385,120
Investment properties	2,178,585	1,912,593
Investment in associates	460,830	462,020
Investment in joint ventures	8,985	8,066
Land held for property development	1,380,193	1,304,291
Intangible assets	37,962	38,038
Trade and other receivables	1,583,315	1,712,296
Other financial assets	18,438	16,264
Deferred tax assets	120,125	106,928
	<hr/>	<hr/>
	9,448,402	8,945,616
<b>Current assets</b>		
Inventories	1,610,596	1,437,321
Property development costs	680,804	905,282
Biological assets	38,252	33,960
Trade and other receivables	2,017,510	2,741,765
Contract assets	16,535	113,738
Tax recoverable	42,741	38,119
Other financial assets	2,227	69,241
Money market deposits	2,238,805	2,024,048
Cash and bank balances	1,352,034	960,872
	<hr/>	<hr/>
	7,999,504	8,324,346
<b>TOTAL ASSETS</b>	<hr/>	<hr/>
	17,447,906	17,269,962

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

	<b>As at 30.9.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000
		<i>(Audited)</i>
<b>Equity attributable to owners of the Company</b>		
Share capital	3,519,554	3,519,554
Reserves	4,309,995	3,964,887
	<hr/>	<hr/>
	7,829,549	7,484,441
Less: Treasury shares	(113)	(113)
	<hr/>	<hr/>
	7,829,436	7,484,328
<b>Non-controlling interests</b>	1,181,416	1,173,265
<b>TOTAL EQUITY</b>	<hr/>	<hr/>
	9,010,852	8,657,593
 <b>Non-current liabilities</b>		
Payables	182,951	174,218
Employee benefits	3,005	2,813
Borrowings	3,697,881	3,306,761
Lease liabilities	110,008	98,635
Other financial liabilities	3,751	-
Deferred tax liabilities	487,461	487,669
	<hr/>	<hr/>
	4,485,057	4,070,096
 <b>Current liabilities</b>		
Payables	977,077	878,351
Provisions	308,894	251,992
Contract liabilities	32,129	34,054
Tax payable	182,653	142,570
Borrowings	2,425,962	3,183,894
Lease liabilities	23,382	28,230
Other financial liabilities	1,900	23,182
	<hr/>	<hr/>
	3,951,997	4,542,273
<b>TOTAL LIABILITIES</b>	<hr/>	<hr/>
	8,437,054	8,612,369
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/>	<hr/>
	17,447,906	17,269,962
 <b>Net assets per share (RM)</b>	<hr/>	<hr/>
	3.14	3.01
 Number of shares net of treasury shares ('000)	<hr/>	<hr/>
	2,489,670	2,489,670

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

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Treasury shares RM'000			
<b>At 1 January 2021</b>	3,519,554	157,756	3,807,131	(113)	7,484,328	1,173,265	8,657,593
Profit for the period	-	-	599,902	-	599,902	69,854	669,756
Total other comprehensive expense for the period	-	(2,415)	-	-	(2,415)	2,011	(404)
Total comprehensive income for the period	-	(2,415)	599,902	-	597,487	71,865	669,352
Changes in ownership interest in subsidiaries	-	-	(3,412)	-	(3,412)	(29,522)	(32,934)
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid/payables to non-controlling interests	-	-	-	-	-	(34,192)	(34,192)
<b>At 30 September 2021</b>	<b>3,519,554</b>	<b>155,341</b>	<b>4,154,654</b>	<b>(113)</b>	<b>7,829,436</b>	<b>1,181,416</b>	<b>9,010,852</b>
<b>At 1 January 2020</b>	<b>3,519,554</b>	<b>151,604</b>	<b>3,669,121</b>	<b>(113)</b>	<b>7,340,166</b>	<b>1,278,690</b>	<b>8,618,856</b>
Profit for the period	-	-	398,189	-	398,189	22,630	420,819
Total other comprehensive expense for the period	-	(10,269)	-	-	(10,269)	754	(9,515)
Total comprehensive income for the period	-	(10,269)	398,189	-	387,920	23,384	411,304
Changes in ownership interest in subsidiaries	-	-	11,934	-	11,934	(116,668)	(104,734)
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid/payables to non-controlling interests	-	-	-	-	-	(17,675)	(17,675)
<b>At 30 September 2020</b>	<b>3,519,554</b>	<b>141,335</b>	<b>3,830,277</b>	<b>(113)</b>	<b>7,491,053</b>	<b>1,167,731</b>	<b>8,658,784</b>

*The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 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 SEPTEMBER 2021**

	<b>Year-to-date ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	935,370	605,190
Adjustments for:		
Non-cash items	176,539	192,820
Non-operating items	(20,635)	(14,457)
Dividend income	(31,628)	(28,905)
Net interest expense	124,265	160,056
Operating profit before working capital changes	1,183,911	914,704
Net changes in working capital	738,617	211,690
Net changes in loan receivables	205,604	136,324
Net tax paid	(243,509)	(145,875)
Net interest paid	(145,879)	(178,336)
Net changes in land held for property development	(62,848)	32,550
<b>Net cash flows generated from operating activities</b>	<b>1,675,896</b>	<b>971,057</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates and a joint venture	11,871	20,348
Dividends received from equity investments at fair value through profit or loss	1,347	3,560
Dividends received from money market deposits	28,040	24,895
Profit guarantee shortfall received from holding company	179,901	91,851
Increase in money market deposits	(214,656)	(1,142,046)
Acquisition of shares from non-controlling interests	(264,093)	(112,361)
Investment in associate	(600)	-
Proceeds from issuance of shares to non-controlling interests	229,075	9
Proceeds from disposal of warrants in an associate	2,992	-
Proceeds from disposal of interest in subsidiary	2,084	7,618
Proceeds from disposal of property, plant and equipment	1,576	2,552
Proceeds from disposal of equity investment at fair value through profit or loss	71,429	-
Purchase of property, plant and equipment	(381,132)	(92,279)
Additions to investment properties	(265,855)	(57,200)
<b>Net cash flows used in investing activities</b>	<b>(598,021)</b>	<b>(1,253,053)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company and non-controlling interests	(278,228)	(265,036)
Net (repayment)/drawdown of borrowings	(391,628)	549,305
Payment of lease liabilities	(23,681)	(24,095)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(693,537)</b>	<b>260,174</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>384,338</b>	<b>(21,822)</b>
Effects on exchange rate changes	6,824	2,518
<b>Cash and cash equivalents at beginning of the period</b>	<b>960,872</b>	<b>1,090,193</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,352,034</b>	<b>1,070,889</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	1,001,068	381,518
Cash in hand and at bank	350,966	689,371
	<b>1,352,034</b>	<b>1,070,889</b>

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

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

- (a) The performances of the Group's Property Division and Building Materials Division were influenced by the slowdown in construction activities in the first quarter of the financial year attributable to the timing of seasonal festive period.
- (b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

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

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

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

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

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

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

As at 30 September 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:

	<b>Year-to-date ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>
	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	-
	<u>248,967</u>	<u>248,967</u>

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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
<b><u>Current quarter ended 30 September 2021</u></b>									
<b>Revenue</b>									
External revenue	173,630	561,214	56,355	261,772	463,455	117,052	-	-	1,633,478
Inter-segment revenue	-	5,639	14,609	2,653	28,182	15,986	-	(67,069)	-
<b>Total revenue</b>	<b>173,630</b>	<b>566,853</b>	<b>70,964</b>	<b>264,425</b>	<b>491,637</b>	<b>133,038</b>	<b>-</b>	<b>(67,069)</b>	<b>1,633,478</b>
<b>Operating profit</b>									
Finance costs									(37,522)
Other gain item									2,992
Share of results of associates and joint ventures									4,550
<b>Profit before tax</b>									<b>561,522</b>
<b><u>Preceding year quarter ended 30 September 2020</u></b>									
<b>Revenue</b>									
External revenue	128,895	456,244	55,295	504,915	418,944	97,397	-	-	1,661,690
Inter-segment revenue	-	6,038	14,112	2,690	23,339	12,009	-	(58,188)	-
<b>Total revenue</b>	<b>128,895</b>	<b>462,282</b>	<b>69,407</b>	<b>507,605</b>	<b>442,283</b>	<b>109,406</b>	<b>-</b>	<b>(58,188)</b>	<b>1,661,690</b>
<b>Operating profit</b>									
Finance costs									(60,156)
Share of results of associates and joint ventures									6,474
<b>Profit before tax</b>									<b>278,252</b>

**7. Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>Year-to-date ended 30 September 2021</u></b>									
<b>Revenue</b>									
External revenue	476,023	1,019,414	174,949	831,644	1,314,676	356,725	-	-	4,173,431
Inter-segment revenue	-	16,962	43,274	9,803	77,033	30,031	-	(177,103)	-
<b>Total revenue</b>	<b>476,023</b>	<b>1,036,376</b>	<b>218,223</b>	<b>841,447</b>	<b>1,391,709</b>	<b>386,756</b>	<b>-</b>	<b>(177,103)</b>	<b>4,173,431</b>
<b>Operating profit</b>									
Finance costs									(133,777)
Other gain item									2,992
Share of results of associates and joint ventures									16,726
<b>Profit before tax</b>									<b>935,370</b>
<b>Segment assets</b>	<b>2,304,436</b>	<b>6,790,066</b>	<b>2,873,776</b>	<b>747,944</b>	<b>1,208,283</b>	<b>1,107,165</b>	<b>1,783,555</b>	<b>-</b>	<b>16,815,225</b>
<b>Segment liabilities</b>	<b>72,022</b>	<b>1,264,370</b>	<b>1,580,910</b>	<b>274,672</b>	<b>579,970</b>	<b>662,846</b>	<b>3,332,150</b>	<b>-</b>	<b>7,766,940</b>
<b><u>Year-to-date ended 30 September 2020</u></b>									
<b>Revenue</b>									
External revenue	314,326	1,177,905	170,581	974,052	1,250,708	238,695	-	-	4,126,267
Inter-segment revenue	-	21,236	44,308	7,512	63,181	26,738	-	(162,975)	-
<b>Total revenue</b>	<b>314,326</b>	<b>1,199,141</b>	<b>214,889</b>	<b>981,564</b>	<b>1,313,889</b>	<b>265,433</b>	<b>-</b>	<b>(162,975)</b>	<b>4,126,267</b>
<b>Operating profit</b>									
Finance costs									(189,248)
Share of results of associates and joint ventures									13,738
<b>Profit before tax</b>									<b>605,190</b>
<b>Segment assets</b>	<b>2,182,869</b>	<b>6,328,627</b>	<b>3,025,135</b>	<b>916,522</b>	<b>1,161,943</b>	<b>1,097,493</b>	<b>2,424,148</b>	<b>-</b>	<b>17,136,737</b>
<b>Segment liabilities</b>	<b>71,258</b>	<b>1,502,048</b>	<b>1,742,926</b>	<b>295,920</b>	<b>614,901</b>	<b>520,462</b>	<b>3,690,568</b>	<b>-</b>	<b>8,438,083</b>

## 8. Event after the end of interim period

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

On 8 October 2021, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary namely, Trio Empireland Sdn Bhd ["Trio Empireland"], with an issued share capital of RM1.00 comprising 1 ordinary share. Trio Empireland is currently dormant.

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

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

- (a) On 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 principally involved in operation of hotels and resort hotels.
- (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) 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.
- (f) 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.
- (g) 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.

**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)**

- (h) On 12 March 2020, Hap Seng Land Development (Balakong) Sdn Bhd ["HSLD (Balakong)"], an 80%-owned subsidiary of the Company, incorporated a wholly-owned subsidiary namely, Sunrise Strategy Sdn Bhd ["Sunrise Strategy"], with an issued share capital of RM1.00 comprising 1 ordinary share. Subsequently, on 10 September 2021, Sunrise Strategy allotted 599,999 and 1,400,000 ordinary shares to HSLD (Balakong) and Life Care Property Group Sdn Bhd respectively. With the aforesaid allotment, Sunrise Strategy became a 30% associate of the Company. Sunrise Strategy is principally involved in property investment.
- (i) On 15 September 2021, KL Midtown Sdn Bhd, a 70%-owned subsidiary of the Company, incorporated a wholly-owned subsidiary namely, Eden Sunrise Sdn Bhd ["Eden Sunrise"], with an issued share capital of RM1.00 comprising 1 ordinary share. Eden Sunrise is currently dormant.
- (j) On 17 September 2021, KL Midtown Sdn Bhd, a 70%-owned subsidiary of the Company, incorporated a wholly-owned subsidiary namely, Sunrise Gardencity Sdn Bhd ["Sunrise Gardencity"], with an issued share capital of RM1.00 comprising 1 ordinary share. Sunrise Gardencity is currently dormant.
- (k) During the current quarter, the Company acquired an additional 119,978,000 ordinary shares representing 15% of equity interest in Hap Seng Plantations Holdings Berhad ["HSP" or "HSP Shares"] through a direct business transaction.

During the previous quarter, the Company disposed of a total of 1,139,700 ordinary shares representing approximately 0.14% of equity interest in HSP via open market.

As at the end of the interim period, the Company's shareholding in HSP stood at 74.89% due to the aforesaid acquisition and disposal of HSP shares.

\* *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 November 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:

	<b>As at 30.9.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000
Contracted but not provided for		<i>(Audited)</i>
- property, plant and equipment	334,148	289,620
- investment properties	51,664	99,114
	<u>385,812</u>	<u>388,734</u>

### 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 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 “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 RM1.63 billion was 2% lower than the preceding year corresponding quarter of RM1.66 billion mainly due to lower revenue from Automotive division but mitigated by higher revenue from Plantation, Property, Credit Financing, Trading and Building Materials Divisions. Nevertheless, Group's operating profit for the current quarter at RM591.5 million was 78% above the preceding year corresponding quarter of RM331.9 million with higher profit contribution from all divisions. Consequently, the Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM561.5 million and RM406 million were significantly higher than the preceding year corresponding quarter by 102% and 92% respectively.

Plantation Division's revenue for the current quarter at RM173.6 million was 35% 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 however by lower sales volume of both products. Average selling price of CPO and PK for the current quarter were significantly higher at RM4,341 per tonne and RM2,615 per tonne respectively as compared to the preceding year corresponding quarter of RM2,753 per tonne for CPO and RM1,560 per tonne for PK. Sales volume of CPO and PK for the current quarter were 34,753 tonnes and 7,163 tonnes respectively, 15% and 21% lower than the preceding year corresponding quarter mainly due to lower production. Production of CPO and PK for the current quarter were lower than the preceding year corresponding quarter by 14% and 21% respectively as a consequence of lower fresh fruit bunches ["FFB"] production which was 14% below the preceding year corresponding quarter, affected by lower FFB yield due to seasonal yield trend and changes in cropping patterns. Consequently, operating profit for the current quarter at RM70.6 million was significantly higher than the preceding year corresponding quarter of RM34.5 million.

Property Division's revenue for the current quarter at RM566.9 million was 23% higher than the preceding year corresponding quarter of RM462.3 million. The higher revenue was contributed by its investment properties segment and higher sales of non-strategic properties but reduced somewhat by lower contribution from its property development segment. The division's investment properties segment benefitted from its newly acquired investment properties in Labuan. The property development segment registered lower ongoing project sales affected by lower units sold and lower progress completion. Progress completion in both Sabah and Klang Valley were affected by movement restrictions arising from the high cases of COVID-19 whilst home buyers continue to remain cautious due to the economic uncertainties amid the prolonged COVID-19 pandemic. The division's operating profit for the current quarter of RM442.4 million was almost double that of the preceding year corresponding quarter of RM228.9 million attributable to higher profit from sale of non-strategic properties.

Credit Financing Division's revenue for the current quarter at RM71 million was 2% higher than the preceding year corresponding quarter of RM69.4 million mainly contributed by its United Kingdom operations. Loan disbursements in the current quarter was 47% higher than the preceding year corresponding quarter but offset by higher collections in the current quarter due to redemption of some short term loans. Consequently, the division's loan base at the end of the current quarter at RM3.56 billion was marginally below the preceding year corresponding quarter of RM3.61 billion. Non-performing loans ratio at the end of the current quarter improved to 2.11% from 2.46% at the end of the preceding year corresponding quarter resulting in lower provision for impairment on its loan base during the current quarter. Consequently, the division's operating profit for the current quarter at RM52.7 million was 17% above the preceding year corresponding quarter of RM45.1 million.

## 1. Review of performance (continued)

Automotive Division's revenue for the current quarter at RM264.4 million was 48% lower than the preceding year corresponding quarter of RM507.6 million, affected by lower sales from both its passenger car and commercial vehicle segments. Sales of passenger cars in the current quarter were 56% lower as compared to the preceding year corresponding quarter with 62% decrease in the number of cars sold mainly affected by the lockdown and containment measures imposed by the government to curb the spread of COVID-19 as well as delay in the supply of cars by the principal. The after sales and services segment also registered lower revenue in the current quarter, arising from lower throughput by 42% as compared to the preceding year corresponding quarter. The lower throughput was due to customers delaying sending in their cars for servicing as a consequence of reduced car usage during the movement restrictions and lockdowns amid the COVID-19 pandemic. The commercial vehicle segment's revenue was 18% lower as compared to the preceding year corresponding quarter, impacted by lower sales of Fuso trucks from both its wholesale distribution and retail businesses. Overall, the division registered an operating profit of RM1.5 million for the current quarter as compared to the preceding year corresponding quarter's operating loss of RM11.5 million, mainly attributable to improved profit margins and lower operating costs from both its passenger car and commercial vehicle segments.

Trading Division's revenue for the current quarter at RM491.6 million was 11% higher than the preceding year corresponding quarter of RM442.3 million with higher revenue from fertilizers trading business but dampened somewhat by lower revenue from the general trading and ceramic tiles businesses. Fertilizers trading business' revenue at RM378.9 million was 28% above the preceding year corresponding quarter mainly attributable to higher sales volume and higher average selling prices, benefitted from the high CPO prices which boosted the demand of fertilizers. Revenue from general trading and ceramic tiles businesses for the current quarter continued to be affected by the slowdown in property development and construction activities amid the COVID-19 pandemic. Consequently, general trading business' revenue at RM76.5 million was 19% lower than the preceding year corresponding quarter whilst ceramic tiles business' revenue for the current quarter at RM36.2 million was 30% below the preceding year corresponding quarter. Overall, the division registered an operating profit of RM24.8 million for the current quarter as compared to the preceding year corresponding quarter of RM2 million. The significant improvement was attributable to higher average profit margin from fertilizers trading business and lower operating costs from ceramic tiles business derived from its concerted efforts to improve operational efficiencies and control costs.

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 RM133 million was 22% higher than the preceding year corresponding quarter of RM109.4 million with higher revenue contribution from Hafary but reduced somewhat by lower revenue from quarry, asphalt and bricks businesses. Revenue from Hafary for the current quarter at RM99.2 million was 55% above the preceding year corresponding quarter of RM64.2 million attributable to higher sales from both the project and general sectors, benefitted from the increase in construction and renovation activities in Singapore. 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 RM33.8 million, 25% below the preceding year corresponding quarter mainly due to lower sales volume from all its products. The division's operating profit for the current quarter at RM20.6 million was 65% higher than the preceding year corresponding quarter of RM12.5 million, benefitted from higher revenue in Hafary and improved operating margins and lower operating costs from quarry, asphalt and bricks businesses.

Overall, Group PBT and PAT for the year to date at RM935.4 million and RM669.8 million were higher than the preceding year corresponding period by 55% and 59% respectively. Consequently, profit attributable to owners of the Company and basic earnings per share for the year to date at RM599.9 million and 24.10 sen respectively were both 51% higher than the preceding year corresponding period.

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

	<b>Current Quarter ended 30.9.2021 RM'000</b>	<b>Immediate Preceding Quarter ended 30.6.2021 RM'000</b>	<b>Increase/ (Decrease)</b>
Revenue	<u>1,633,478</u>	<u>1,262,449</u>	29%
Operating profit	<u>591,502</u>	<u>210,994</u>	180%
Profit before tax	<u>561,522</u>	<u>172,190</u>	226%

Group PBT for the current quarter at RM561.5 million more than tripled that of the immediate preceding quarter of RM172.2 million with improved performance contributed from all divisions.

Plantation Division's operating profit for the current quarter at RM70.6 million was 11% higher than the immediate preceding quarter of RM63.4 million inspite of lower revenue. Revenue was affected by the lower sales volume and lower average selling prices of CPO and PK. The higher operating profit was mainly attributable to the gain from fair value of biological assets of RM2.6 million as compared to a loss on fair value of biological assets of RM4.7 million in the immediate preceding quarter and favourable valuation of closing inventories in the current quarter. Sales volume of CPO and PK for the current quarter were 3% and 10% lower than the immediate preceding quarter of 35,713 tonnes and 7,951 tonnes respectively due to lower CPO and PK production arising from lower FFB purchased. Average selling price per tonne of CPO was marginally lower than the immediate preceding quarter of RM4,365 whilst average selling price per tonne of PK was 3% lower than the immediate preceding quarter of RM2,709.

Property Division's operating profit for the current quarter at RM442.4 million was significantly higher than the immediate preceding quarter of RM79.9 million mainly due to higher sales of non-strategic properties.

Credit Financing Division's operating profit for the current quarter at RM52.7 million was 3% higher than the immediate preceding quarter of RM51.3 million, benefitted from higher loan disbursements and lower provision for impairment on its loan base in the current quarter.

Automotive Division registered an operating profit of RM1.5 million for the current quarter as compared to the immediate preceding quarter's operating loss of RM3.7 million mainly attributable to improved contribution from its commercial vehicle segment with higher units sold and improved profit margin.

Trading Division's operating profit for the current quarter at RM24.8 million was 10% higher than the immediate preceding quarter of RM22.5 million mainly attributable to higher sales and better margins from its fertilizers trading business.

Building Materials Division's operating profit for the current quarter at RM20.6 million more than doubled that of the immediate preceding quarter of RM10 million with improved operating margins achieved from all its businesses. The operating results in the immediate preceding quarter were also impacted by higher impairment loss on inventories in Hafary.



### 3. Current year prospects

In Malaysia, economic activities weakened in the third quarter of the year amid the imposition of nationwide containment measures by the government to curb the resurgence in COVID-19 cases. Nevertheless, most of the economic sectors have resumed operations with the relaxation of restrictions in mid-September 2021 under the National Recovery Plan [“NRP”] and with 95% adult population and 81% adolescents already been fully inoculated, it will help the nation in its preparation to transition from the pandemic to endemic stage. The honourable Finance Minister of Malaysia in his Budget 2022 speech on 29 October 2021 mentioned that: *“growth is projected to recover in the fourth quarter during which almost all states will have transitioned to the fourth phase under the NRP, where all economic and social sectors are allowed to operate at full capacity again. Overall, our economic growth is expected to be between 3% to 4% for 2021. Next year, the country’s economy is projected to expand between 5.5% and 6.5% based on strong fundamentals and a diversified economic base. However, this performance also depends on other factors including the success of our pandemic response, the effectiveness of our vaccination programmes as well as the robustness of the global economy and trade prospects”*. Bank Negara Malaysia in its Monetary Policy Statement dated 3 November 2021 has decided to maintain the Overnight Policy Rate at 1.75 percent.

Malaysian palm oil inventories increased by 4.4% month-on-month to 1.834 million tonnes at end October 2021 from 1.756 million tonnes at end September 2021 as Malaysian palm oil exports were lower due to reduced demand from key buyers, India and China. Demand from India was lower in October 2021 after the surge of palm oil imports by India to a historic high in September 2021 following the reduction of its import duties for a fourth time in September 2021 since February 2021. On 13 October 2021, India further reduced the import duty on edible oils for the fifth time in 2021 to ease its domestic food inflation and this may support demand of palm oil in the later months. Demand from China may resume in November and December 2021 in anticipation of the Chinese New Year season in February 2022. The global supplies of edible oils are expected to remain tight due to lower-than-expected production which have pushed edible oils prices to an unprecedented high. CPO prices continued on the uptrend and surpassed RM5,000 per tonne in October 2021, closing at its peak of RM5,395.50 per tonne at the end of October 2021 and raised the monthly average CPO price to its highest to-date of RM5,051 per tonne. In the first ten days of November 2021, CPO prices ranged between RM5,222.50 to RM5,404 per tonne and market analysts expect CPO prices to remain at current level in the near term. In the recent Malaysian Budget 2022, the government has proposed to increase the threshold price for CPO windfall profit tax [“WPT”] from RM2,500 per tonne to RM3,000 per tonne of CPO in Peninsular Malaysia and from RM3,000 to RM3,500 per tonne of CPO in Sabah and Sarawak albeit at a higher rate from 1.5% to 3%. In addition, a new one-off prosperity tax of 33% is proposed on chargeable profit exceeding RM100 million for year of assessment [“YA”] 2022. Whilst the higher threshold price of CPO which is subjected to WPT is positive, the proposed prosperity tax may negate any benefit from the lower WPT.

The Malaysian property market is expected to recover gradually as the nation moves into the fourth phase of the NRP after a period of subdued activities due to the earlier movement restrictions, lockdowns and stricter standard operating procedures amid the prolonged COVID-19 pandemic. Some of the proposals announced in the recent Malaysian Budget 2022 may help to revitalise the Malaysian property market, amongst others, the removal of real property gain tax in the 6th year may help to spur transactions in the sub-sale market and indirectly helps to stimulate interest in consumers to upgrade their homes. In addition, the RM2 billion guarantee provided to banks via Skim Jaminan Kredit Perumahan, to assist freelance workers, microentrepreneurs and farmers to obtain housing loans may encourage buying interest for first time home owners. The Stamp Duty (Exemption) Order 2021 that came into operations on 1 January 2021 provides stamp duty exemption on all instrument of transfer such as the memorandum of transfer and loan agreement for 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 is expected to continue to support the Malaysian property market. The Home Ownership Campaign [“HOC”] which will end this year is expected to continue to create some customers’ buying interest. Accordingly, the Property 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 before it ends. Concerted efforts will also be put to optimise its investment properties’ occupancy rates and rental yield.

### 3. Current year prospects (continued)

The Credit Financing Division is focused on expanding its loan base after a period of subdued economic activities as the operations in most of the economic sectors in which it financed have resumed operations following the relaxation of the movement restrictions. The division remains cautious in its loan approval process with focus on its pre-selected sectors of financing and existing quality customers to maintain a stable and quality loan receivable portfolio. Emphasis on stringent credit risk assessment and constant review of its lending policies are ongoing to mitigate market and credit risks. Concerted efforts are placed on credit control and debt collections, strengthening its loan recovery and rehabilitation process to mitigate loan impairment.

The automotive industry worldwide has been affected by the global supply shortage of semiconductor chips which have adversely impacted the production of vehicles globally as automakers have to cut back on production which affected the supply of vehicles stocks. Nevertheless, the Automotive Division's commercial vehicles segment expects to benefit from a surge in demand as customers lock in orders to secure deliveries. The division's passenger car segment is expected to continue to benefit from the current accommodative hire purchase interest rates and sales tax exemption which has been further extended to 30 June 2022 as announced in the recent Malaysian Budget 2022. However, the current tight supply of cars remained a challenge to the division and the division will work closely with the principal to secure stocks to fulfil customers' orders. As the nation moves into the advanced phase of the NRP, the division expects the throughput in its after sales and services segment to improve in tandem with the normalisation of vehicles usage as economic activities increase. 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.

The Trading Division expects the demand for fertilizers to increase amidst the tight supply of fertilizers globally. The recent ban on phosphate exports by the Chinese government from end of September 2021 to June 2022 has caused the already high fertilizers prices to spike further as China accounts for almost one-third of the world phosphate trade. The high CPO prices has also spurred the demand of fertilizers in Malaysia and Indonesia. Accordingly, the fertilizers trading business is expected to benefit from the surge in demand as well as the higher selling prices of its fertilizer stocks. The general trading and ceramic tiles businesses are expected to benefit from the increase in property development and construction activities following the re-opening of economic sectors across the nation under the NRP, albeit operating in very challenging and competitive business environment. Managing its inventories and receivables as well as cost containment to protect its profitability are ongoing focus of the division.

The Building Materials Division anticipates its quarry, asphalt and bricks businesses to benefit from the resumption of construction activities in the major infrastructure projects following the lifting of movement restrictions under the NRP. The quarry, asphalt and bricks operations are in a stronger position to face the continuous challenging and competitive market environment following the rationalisation exercise end of last year. In Singapore, the Monetary Authority of Singapore in its October 2021 monetary policy statement mentioned that "GDP growth in the Singapore economy is expected to come in at 6% to 7% this year and register a slower but still-above trend pace in 2022". In a separate statement, the Ministry of Trade and Industry Singapore mentioned that the construction sector grew 57.9% on a year-on-year basis in the third quarter of the current year, largely due to low base effects given the slow resumption of construction activities after the Circuit Breaker period last year. Accordingly, Hafary is expected to benefit from the recovery in the construction sector in Singapore.

Based on the foregoing and despite the challenging business environment and uncertainties in the domestic and global economies caused by the COVID-19 pandemic, the Board is of the view that the Group's overall performance for the financial year ending 31 December 2021 is expected to be better than the previous financial year.

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

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

**5. Profit before tax**

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	3,615	9,791	9,512	29,192
Dividend income from equity investment at fair value through other comprehensive income	187	150	625	450
Dividend income from equity investment at fair value through profit or loss	-	-	2,963	3,560
Dividend income from money market deposits	10,122	11,759	28,040	24,895
Gain/(Loss) on equity investment at fair value through profit or loss	2,112	(2,647)	(425)	(12,961)
Gain/(Loss) on money market deposits at fair value	553	(920)	101	(2,230)
Interest expense	(37,522)	(60,156)	(133,777)	(189,248)
Depreciation and amortisation	(48,412)	(53,487)	(143,241)	(160,443)
Net allowance of impairment losses				
- trade receivables	(6,392)	(15,098)	(24,900)	(22,220)
Net inventories written down	(912)	(1,857)	(11,708)	(9,724)
Gain on disposal of property, plant and equipment	191	626	892	719
Property, plant and equipment written off	(132)	(2,010)	(775)	(3,443)
Biological asset written off	(71)	-	(71)	-
Investment properties written off	(18)	-	(18)	-
Bad debts written off	-	-	(84)	-
Net foreign exchange (loss)/gain	(363)	33,743	2,270	49,809
(Loss)/Gain on non-hedging derivative instruments	(6,425)	(2,780)	(2,229)	286
Gain from fair value adjustments of investment properties	-	9,422	-	9,422
Gain from fair value adjustments of biological assets	2,571	4,150	4,363	2,254
Recovery of bad debts	162	210	350	407
Other gain item				
- Gain on disposal of warrants in an associate	2,992	-	2,992	-

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

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**6. Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	156,145	67,723	275,182	208,216
- deferred tax	(4,739)	(134)	(13,715)	(23,302)
	<u>151,406</u>	<u>67,589</u>	<u>261,467</u>	<u>184,914</u>
In respect of prior periods				
- income tax	4,031	(543)	4,031	(543)
- deferred tax	116	-	116	-
	<u>4,147</u>	<u>(543)</u>	<u>4,147</u>	<u>(543)</u>
	<u>155,553</u>	<u>67,046</u>	<u>265,614</u>	<u>184,371</u>

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

**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 November 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 proceeds from the HSCSB Disposal have been fully utilised as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u> RM'000	<u>As at 30 September 2021 Utilisation</u> RM'000	<u>Deviation under/(over) spent</u>		<u>Explanation</u>
			RM'000	%	
Working capital requirements:					
<u>Loan disbursements of HSCSB's credit financing division</u>					
(a) Real estate	350,000	350,000	-		
(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	# 83	0.09	
	<u>905,500</u>	<u>905,417</u>	<u>83</u>	<u>0.01</u>	
Estimated expenses	500	583	(83)	(17)	The over spent was set-off against the under utilisation for working capital requirement above #
	<u>906,000</u>	<u>906,000</u>	<u>-</u>	<u>-</u>	

- (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:

<u>Purpose</u>	<u>Proposed Utilisation</u>		<u>As at 30 September 2021 Utilisation</u>	<u>Deviation</u>		<u>Explanation</u>
	<u>*Circular</u>	<u>**Adjusted</u>		<u>under/(over) spent</u>		
	RM'000	RM'000	RM'000	RM'000	%	
Repayment of borrowings	500,000	500,000	500,000			
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>						
<i>(a) Fertilisers</i>	40,000	40,000	40,000	-	-	
<i>(b) Automobiles</i>	26,044	33,064	33,148	# (84)	(0.3)	
<i>(c) building materials such as steel bars, wire mesh and cement</i>	30,000	30,000	30,000	-	-	
	<u>96,044</u>	<u>103,064</u>	<u>103,148</u>	<u>(84)</u>	<u>(0.1)</u>	
	<u>221,044</u>	<u>228,064</u>	<u>228,148</u>	<u>(84)</u>	<u>(0.04)</u>	
Estimated expenses	700	700	616	84	12	The under spent was utilised for working capital requirement of item (ii)(b) #
	<u>721,744</u>	<u>728,764</u>	<u>728,764</u>	<u>-</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 30.9.2021 —————→					
	←————— Denominated in —————→					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
<b>Current</b>						
<b>Secured</b>						
- Term loans	-	-	20,996	-	-	20,996
- Revolving credits	-	-	53,813	-	-	53,813
	-	-	74,809	-	-	74,809
<b>Unsecured</b>						
- Term loans	330,060	-	18,450	-	-	348,510
- Revolving credits	847,500	313,878	-	-	46,736	1,208,114
- Trust receipts	-	-	41,310	28,714	-	70,024
- Bankers' acceptances	165,212	104,293	-	-	-	269,505
- Medium term notes	455,000	-	-	-	-	455,000
	1,797,772	418,171	59,760	28,714	46,736	2,351,153
<b>Total current borrowings</b>	<b>1,797,772</b>	<b>418,171</b>	<b>134,569</b>	<b>28,714</b>	<b>46,736</b>	<b>2,425,962</b>
<b>Non-current</b>						
<b>Secured</b>						
- Term loans	-	-	278,672	-	-	278,672
<b>Unsecured</b>						
- Term loans	375,851	393,783	64,575	-	-	834,209
- Medium term notes	2,585,000	-	-	-	-	2,585,000
	2,960,851	393,783	64,575	-	-	3,419,209
<b>Total non-current borrowings</b>	<b>2,960,851</b>	<b>393,783</b>	<b>343,247</b>	<b>-</b>	<b>-</b>	<b>3,697,881</b>
<b>Total borrowings</b>	<b>4,758,623</b>	<b>811,954</b>	<b>477,816</b>	<b>28,714</b>	<b>46,736</b>	<b>6,123,843</b>

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

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

	←————— 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
<u>Current</u>						
<u>Secured</u>						
- Term loans	-	-	14,780	-	-	14,780
- Revolving credits	-	-	58,937	-	-	58,937
	-	-	73,717	-	-	73,717
<u>Unsecured</u>						
- 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
<b>Total current borrowings</b>	2,408,008	639,922	91,896	13,206	30,862	3,183,894
<u>Non-current</u>						
<u>Secured</u>						
- Term loans	-	-	249,894	-	-	249,894
<u>Unsecured</u>						
- Term loans	241,867	-	-	-	-	241,867
- Medium term notes	2,815,000	-	-	-	-	2,815,000
	3,056,867	-	-	-	-	3,056,867
<b>Total non-current borrowings</b>	3,056,867	-	249,894	-	-	3,306,761
<b>Total borrowings</b>	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 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 Consolidated RESB Suit has been fixed for continued hearing from 20 to 23 December 2021.

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 Consolidated RESB Suit has been fixed for continued hearing from 20 to 23 December 2021.

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

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**11. Derivatives**

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 30 September 2021 are as follows:

	<b>Contract/ Notional Value</b>	<b>Fair Value: Assets/ (Liabilities)</b>	<b>Gain/(loss) On Derivative Instruments</b>	<b>Gain/(loss) On Hedged Items</b>	<b>Net Gain/(loss)</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward currency contracts					
of less than 1 year (USD/Euro/JPY)					
- Designated as hedging instruments*	106,216	(270)	10,827	(10,724)	103
- Not designated as hedging instruments	407,819	181	5,447	(7,676)	(2,229)
	<u>514,035</u>	<u>(89)</u>	<u>16,274</u>	<u>(18,400)</u>	<u>(2,126)</u>
Cross currency interest rate swaps					
on foreign currency borrowings					
of less than 3 years (USD)					
- Designated as hedging instruments*	<u>592,720</u>	<u>(1,176)</u>	<u>5,512</u>	<u>(13,653)</u>	<u>(8,141)</u>

\* 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 September 2021 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	2,482,079	55	2,482,134
(b) To individuals	333,809	1,207	335,016
(c) To companies within the listed issuer group	419,833	323,882	743,715
(d) To related parties	-	-	-
	<u>3,235,721</u>	<u>325,144</u>	<u>3,560,865</u>

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

	As at 30.9.2021 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	1,544,023
	<u>1,544,023</u>

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

	RM'000
(a) Balance as at 1.1.2021	87,440
(b) Loans classified as in default during the financial year	50,759
(c) Loans reclassified as performing during the financial year	(27,627)
(d) Amount recovered	(35,455)
(e) Amount written off	-
(f) Loans converted to securities	-
(g) Balance as at 30.9.2021	<u>75,117</u>
(h) Ratio of net loans in default to net loans	<u>2.11%</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 <sup>st</sup>	Term Loan	420,000	419,833	Yes	467,834	Yes*	3 - 72
2 <sup>nd</sup>	Term Loan	377,500	358,048	Yes	355,382	No	12
3 <sup>rd</sup>	Term Loan	175,948	194,184	Yes	386,540	No	102
4 <sup>th</sup>	Term Loan	155,585	148,961	No	-	Yes*	3 – 30
5 <sup>th</sup>	Term Loan	135,500	128,303	Yes	127,531	No	12

\* Companies within the listed issuer group.

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

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

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Profit attributable to owners of the Company (RM'000)	381,554	193,734	599,902	398,189
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)	15.33	7.78	24.10	15.99

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

**15. Dividend**

Dividends for the current financial year ending 31 December 2021 are as follows:

- (a) first interim dividend of 10 sen (2020: 10 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 25 May 2021 and paid on 23 June 2021;
- (b) the Board of Directors has on even date approved the following second interim dividend for the financial year ending 31 December 2021:
- |      |                                                                                              |                                                                                                                                                                                                                                                                                                 |
|------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)  | Amount per ordinary share<br>- Second Interim Dividend                                       | 25 sen (2020: 15 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.                                                                                                                                                                     |
| (ii) | Total dividend approved to date for the current financial year:<br>Amount per ordinary share | 35 sen comprising first interim dividend of 10 sen and second interim dividend of 25 sen (2020: 25 sen comprising first interim dividend of 10 sen and second interim dividend of 15 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. |
- (c) The dividend will be payable in cash on 22 December 2021; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 9 December 2021.

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

**NOTICE IS HEREBY GIVEN** that a second interim dividend of 25 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2021, will be payable in cash on 22 December 2021 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 9 December 2021. A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on 7 December 2021 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4.30 p.m. on 9 December 2021 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad (Bursa Securities) on a cum entitlement basis according to the rules of the Bursa Securities.

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

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

**BY ORDER OF THE BOARD****LIM GUAN NEE**

Company Secretary  
Kuala Lumpur  
25 November 2021