CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

	Quarter ended			Year ended		
	31.12.2021 RM'000	**31.12.2020** RM'000	***Increase/ (Decrease)***	**31.12.2021** RM'000	**31.12.2020** RM'000 *(Audited)*	***Increase/ (Decrease)***
Revenue	1,839,323	1,724,059	*7%*	6,012,754	5,850,326	*3%*
Operating expenses	(1,360,725)	(1,367,206)		(4,571,754)	(4,871,640)	
Other operating income	63,173	102,360		150,200	261,227	
Operating profit	541,771	459,213	*18%*	1,591,200	1,239,913	*28%*
Finance costs	(42,331)	(57,870)		(176,108)	(247,118)	
Other gain/(loss) items	6,105	92,137		9,097	92,137	
Share of results of associates and joint ventures	8,983	8,265		25,709	22,003	
Profit before tax	514,528	501,745	*3%*	1,449,898	1,106,935	*31%*
Tax expense	(178,940)	(123,719)		(444,554)	(308,090)	
Profit for the period	335,588	378,026	*(11%)*	1,005,344	798,845	*26%*
Profit attributable to:						
Owners of the Company	300,531	351,990	*(15%)*	900,433	750,179	*20%*
Non-controlling interests	35,057	26,036		104,911	48,666	
	335,588	378,026		1,005,344	798,845	
Earnings per share (sen)						
Basic	12.07	14.14	*(15%)*	36.17	30.13	*20%*
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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

	Quarter ended		Year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000 *(Audited)*
Profit for the period	335,588	378,026	1,005,344	798,845
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	1,383	9,219	14,763	3,980
Share of foreign currency translation differences of associates and joint ventures	1,383	1,004	(4,341)	(2,412)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	(22)	-
Change in fair value of cash flow hedge	1,147	6,127	(6,891)	5,267
	3,913	16,350	3,509	6,835
Items that will not be reclassified subsequently to profit or loss				
Remeasurement loss on defined benefit liabilities	-	(167)	-	(167)
Total other comprehensive income for the period	3,913	16,183	3,509	6,668
Total comprehensive income for the period	339,501	394,209	1,008,853	805,513
Total comprehensive income attributable to:				
Owners of the Company	303,651	368,244	901,138	756,164
Non-controlling interests	35,850	25,965	107,715	49,349
	339,501	394,209	1,008,853	805,513

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 31 DECEMBER 2021

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,054,027	3,385,120
Investment properties	2,171,844	1,912,593
Investment in associates	477,634	462,020
Investment in joint ventures	8,652	8,066
Land held for property development	1,398,923	1,304,291
Intangible assets	37,936	38,038
Trade and other receivables	1,637,522	1,712,296
Other financial assets	17,995	16,264
Deferred tax assets	78,111	106,928
	9,882,644	8,945,616
Current assets		
Inventories	2,042,297	1,437,321
Property development costs	321,805	905,282
Biological assets	57,721	33,960
Trade and other receivables	1,935,854	2,741,765
Contract assets	23,949	113,738
Tax recoverable	56,297	38,119
Other financial assets	189	69,241
Money market deposits	1,867,729	2,024,048
Cash and bank balances	1,225,957	960,872
	7,531,798	8,324,346
TOTAL ASSETS	17,414,442	17,269,962

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 31 DECEMBER 2021

	As at 31.12.2021 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	3,987,950	3,964,887
	7,507,504	7,484,441
Less: Treasury shares	(113)	(113)
	7,507,391	7,484,328
Non-controlling interests	1,200,067	1,173,265
TOTAL EQUITY	8,707,458	8,657,593
Non-current liabilities		
Payables	184,050	174,218
Employee benefits	3,043	2,813
Borrowings	3,955,643	3,306,761
Lease liabilities	116,850	98,635
Other financial liabilities	4,268	-
Deferred tax liabilities	491,063	487,669
	4,754,917	4,070,096
Current liabilities		
Payables	1,088,237	878,351
Provisions	346,621	251,992
Contract liabilities	27,763	34,054
Tax payable	96,825	142,570
Borrowings	2,360,674	3,183,894
Lease liabilities	25,462	28,230
Other financial liabilities	6,485	23,182
	3,952,067	4,542,273
TOTAL LIABILITIES	8,706,984	8,612,369
TOTAL EQUITY AND LIABILITIES	17,414,442	17,269,962
Net assets per share (RM)	3.02	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 ENDED 31 DECEMBER 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 year	-	-	900,433	-	900,433	104,911	1,005,344
Total other comprehensive income for the year	-	705	-	-	705	2,804	3,509
Total comprehensive income for the year	-	705	900,433	-	901,138	107,715	1,008,853
Changes in ownership interest in subsidiaries	-	-	(6,691)	-	(6,691)	(31,950)	(38,641)
Dividends	-	-	(871,384)	-	(871,384)	-	(871,384)
Dividends paid to non-controlling interests	-	-	-	-	-	(48,963)	(48,963)
At 31 December 2021	3,519,554	158,461	3,829,489	(113)	7,507,391	1,200,067	8,707,458
At 1 January 2020	3,519,554	151,604	3,669,121	(113)	7,340,166	1,278,690	8,618,856
Profit for the year	-	-	750,179	-	750,179	48,666	798,845
Total other comprehensive income for the year	-	6,152	(167)	-	5,985	683	6,668
Total comprehensive income for the year	-	6,152	750,012	-	756,164	49,349	805,513
Changes in ownership interest in subsidiaries	-	-	10,415	-	10,415	(104,629)	(94,214)
Dividends	-	-	(622,417)	-	(622,417)	-	(622,417)
Dividends paid to non-controlling interests	-	-	-	-	-	(50,145)	(50,145)
At 31 December 2020 *(Audited)*	3,519,554	157,756	3,807,131	(113)	7,484,328	1,173,265	8,657,593

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 ENDED 31 DECEMBER 2021

	Year ended 31.12.2021 RM'000	31.12.2020 RM'000 *(Audited)*
Cash flows from operating activities		
Profit before tax	1,449,898	1,106,935
Adjustments for:		
Non-cash items	246,267	220,690
Non-operating items	(30,216)	(22,212)
Dividend income	(43,898)	(40,860)
Net interest expense	160,106	203,721
Operating profit before working capital changes	1,782,157	1,468,274
Net changes in working capital	544,371	306,730
Net changes in loan receivables	293,939	60,692
Net tax paid	(476,072)	(291,820)
Net interest paid	(189,346)	(239,827)
Net changes in land held for property development	(92,716)	83,401
Net cash flows generated from operating activities	1,862,333	1,387,450
Cash flows from investing activities		
Dividends received from associates and a joint venture	11,871	20,432
Dividends received from equity investments at fair value through profit or loss	1,347	3,560
Dividends received from money market deposits	40,122	35,572
Profit guarantee shortfall received from holding company	179,901	91,851
Decrease/(Increase) in money market deposits	155,784	(808,985)
Acquisition of shares from non-controlling interests	(269,800)	(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	18,138
Proceeds from disposal of property, plant and equipment	5,106	4,651
Proceeds from disposal of equity investment at fair value through profit or loss	71,429	8,475
Proceeds from overpayment of land premium	-	5,608
Purchase of property, plant and equipment	(594,000)	(135,881)
Additions to investment properties	(288,479)	(77,908)
Net cash flows used in investing activities	(453,168)	(946,839)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(920,347)	(672,562)
Net (repayment)/drawdown of borrowings	(200,883)	128,524
Payment of lease liabilities	(31,008)	(32,691)
Net cash flows used in financing activities	(1,152,238)	(576,729)
Net increase/(decrease) in cash and cash equivalents	256,927	(136,118)
Effects on exchange rate changes	8,158	6,797
Cash and cash equivalents at beginning of the period	960,872	1,090,193
Cash and cash equivalents at end of the period	1,225,957	960,872

Cash and cash equivalents comprise the following amounts:

Deposits with licensed banks	891,861	652,732
Cash in hand and at bank	334,096	308,140
	1,225,957	960,872

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 financial year.

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

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

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

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

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

	Year ended	
	31.12.2021	**31.12.2020**
	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
- second interim (15 sen) under the single tier system approved by the Directors on 26 November 2020 and paid on 22 December 2020	-	373,450
Dividend in respect of financial year ended 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	-
- second interim (25 sen) under the single tier system approved by the Directors on 25 November 2021 and paid on 22 December 2021	622,417	-
	871,384	622,417

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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
<u>Current quarter ended 31 December 2021</u>									
Revenue									
External revenue	194,828	496,525	54,670	355,505	604,666	133,129	-	-	1,839,323
Inter-segment revenue	-	5,611	15,209	9,046	31,474	23,302	-	(84,642)	-
Total revenue	194,828	502,136	69,879	364,551	636,140	156,431	-	(84,642)	1,839,323
Operating profit	118,734	323,613	51,406	7,669	29,837	11,955	728	(2,171)	541,771
Finance costs									(42,331)
Other gain items									6,105
Share of results of associates and joint ventures									8,983
Profit before tax									514,528
<u>Preceding year quarter ended 31 December 2020</u>									
Revenue									
External revenue	153,269	571,602	56,695	395,758	415,032	131,703	-	-	1,724,059
Inter-segment revenue	-	5,676	14,235	1,566	24,230	7,074	-	(52,781)	-
Total revenue	153,269	577,278	70,930	397,324	439,262	138,777	-	(52,781)	1,724,059
Operating profit	50,771	500,218	38,977	(24,231)	(66,326)	(35,016)	13,231	(18,411)	459,213
Finance costs									(57,870)
Other gain/(loss) items									92,137
Share of results of associates and joint ventures									8,265
Profit before tax									501,745

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 ended 31 December 2021									
Revenue									
External revenue	670,851	1,515,939	229,619	1,187,149	1,919,342	489,854	-	-	6,012,754
Inter-segment revenue	-	22,573	58,483	18,849	108,507	53,333	-	(261,745)	-
Total revenue	670,851	1,538,512	288,102	1,205,998	2,027,849	543,187	-	(261,745)	6,012,754
Operating profit	292,582	985,907	211,189	7,973	96,808	58,127	7,900	(69,286)	1,591,200
Finance costs									(176,108)
Other gain items									9,097
Share of results of associates and joint ventures									25,709
Profit before tax									1,449,898
Segment assets	2,384,460	6,486,238	2,734,311	664,107	1,596,392	1,200,192	1,728,048	-	16,793,748
Segment liabilities	65,272	1,133,556	1,540,222	257,905	963,332	760,263	3,398,546	-	8,119,096
Year ended 31 December 2020 *(Audited)*									
Revenue									
External revenue	467,595	1,749,507	227,276	1,369,810	1,665,740	370,398	-	-	5,850,326
Inter-segment revenue	-	26,912	58,543	9,078	87,411	33,812	-	(215,756)	-
Total revenue	467,595	1,776,419	285,819	1,378,888	1,753,151	404,210	-	(215,756)	5,850,326
Operating profit	110,926	1,118,369	209,937	(65,001)	(63,841)	(33,708)	50,821	(87,590)	1,239,913
Finance costs									(247,118)
Other gain/(loss) items									92,137
Share of results of associates and joint ventures									22,003
Profit before tax									1,106,935
Segment assets	2,205,172	6,491,505	3,117,731	766,067	1,081,896	1,030,459	1,961,999	-	16,654,829
Segment liabilities	65,876	1,443,410	1,889,052	222,057	525,845	505,058	3,330,832	-	7,982,130

8. **Event after the end of financial year**

Save for the subsequent events disclosed in Note 10 of Part B, event after the end of the financial year and up to 18 February 2022 that have not been reflected in these interim financial statements is as follows:

On 17 January 2022, Hafary Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited ["Hafary'], a 50.82%-owned listed subsidiary of the Company acquired an additional 30% shareholding in World Furnishing Hub Pte Ltd ["WFH"] at a cash consideration of S$3,020,038.07, with which WFH became an 81%-owned subsidiary of Hafary on even date. WFH is a property investment holding company with leasehold interest of property located at 18 Sungei Kadut Street 2, Singapore 729236.

9. **Effect of changes in the composition of the Group during the financial year, including business combinations, obtaining or losing control of subsidiaries and long–term investments, restructuring and discontinued operations**

There were no changes in the composition of the Group during the financial year, except for the following:

(a) On 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 financial year, including business combinations, obtaining or losing control of subsidiaries and long–term investments, restructuring and discontinued operations (continued)**

(h) On 10 September 2021, Sunrise Strategy Sdn Bhd ["Sunrise Strategy"] allotted 599,999 and 1,400,000 ordinary shares to Hap Seng Land Development (Balakong) Sdn Bhd ["HSLD (Balakong)"], an 80%-owned subsidiary of the Company and Life Care Property Group Sdn Bhd respectively. With the aforesaid allotment, Sunrise Strategy became a 30% associate of HSLD (Balakong). 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) 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.

(l) On 22 November 2021, *Hap Seng Land Development Sdn Bhd ["HSLD"] incorporated a wholly-owned subsidiary namely, Positive Sunland Sdn Bhd ["Positive Sunland"], with an issued share capital of RM1.00 comprising 1 ordinary share. Positive Sunland is currently dormant.

(m) On 23 November 2021, *Hap Seng Land Development Sdn Bhd ["HSLD"] incorporated a wholly-owned subsidiary namely, Sierra Positive Sdn Bhd ["Sierra Positive"], with an issued share capital of RM1.00 comprising 1 ordinary share. Sierra Positive is currently dormant.

(n) On 26 December 2021, the dissolution of *HSC Manchester Holding Limited ["HSCMH"] was completed. HSCMH was incorporated in the Federal Territory of Labuan on 18 August 2017 as a private limited company and had been dormant since November 2019.

(o) On 29 December 2021, Hafary Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited ["Hafary'], a 50.82%-owned listed subsidiary of the Company acquired a 5% shareholding in World Furnishing Hub Pte Ltd ["WFH"] at a cash consideration of S$1,850,000.00, with which WFH became an 51%-owned subsidiary of Hafary on even date. WFH is a property investment holding company with leasehold interest of property located at 18 Sungei Kadut Street 2, Singapore 729236.

(p) As at the financial year ended 31 December 2021, the Company's shareholding in Hap Seng Plantations Holdings Berhad ["HSP"] was 74.89% after the acquisition of an additional 119,978,000 ordinary shares and disposal of 1,139,700 ordinary shares during the financial year.

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

10. **Significant events and transactions**

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 18 February 2022.

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 financial year 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 31.12.2021	**As at 31.12.2020**
	RM'000	RM'000
		(Audited)
Contracted but not provided for		
- property, plant and equipment	349,368	289,620
- investment properties	8,248	99,114
	357,616	388,734

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13. **Significant related party transactions**

During the financial year, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 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 RM1.84 billion was 7% higher than the preceding year corresponding quarter of RM1.72 billion with higher revenue from Plantation, Trading and Building Materials Divisions but negated by lower revenue from Property, Credit Financing and Automotive Divisions. The Group's operating profit for the current quarter at RM541.8 million was 18% higher than the preceding year corresponding quarter of RM459.2 million with higher profit contribution from all divisions except Property Division.

Overall, the Group profit before tax ["PBT"] for the current quarter at RM514.5 million was 3% higher than the preceding year corresponding quarter inspite of lower other gain items of RM6.1 million as compared to the preceding year corresponding quarter of RM92.1 million as disclosed in Note 5 below. The Group profit after tax ["PAT"] at RM335.6 million was however 11% lower than the preceding year corresponding quarter mainly due to reversal of certain deferred tax assets.

Plantation Division's revenue for the current quarter at RM194.8 million was 27% higher than the preceding year corresponding quarter of RM153.3 million due to higher average selling prices realisation of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] albeit with lower sales volume for both products. Average selling price per tonne of CPO and PK for the current quarter were significantly higher at RM5,103 and RM3,762 respectively as compared to the preceding year corresponding quarter of RM3,148 for CPO and RM2,027 for PK. CPO sales volume for the current quarter at 30,972 tonnes was 26% lower than the preceding year corresponding quarter whilst PK sales volume was 10% lower at 8,430 tonnes mainly attributable to lower CPO and PK production and timing of deliveries. Production of CPO and PK for the current quarter were lower than the preceding year corresponding quarter by 6% and 8% respectively due to lower fresh fruit bunches ["FFB"] production and lower FFB purchased mitigated somewhat by higher CPO and PK extraction rates. FFB production for the current quarter was 7% lower than the preceding year corresponding quarter as FFB yield was affected by the seasonal yield trend and cropping patterns. Consequently, operating profit for the current quarter at RM118.7 million more than doubled that of the preceding year corresponding quarter of RM50.8 million.

Property Division's revenue for the current quarter at RM502.1 million was 13% below the preceding year corresponding quarter of RM577.3 million mainly due to lower sales of non-strategic properties as well as lower revenue from property development and construction activities. The ongoing property development projects in both Sabah and Klang Valley continued to be affected by soft consumer sentiments amid the slow economic growth resulting from the prolonged COVID-19 pandemic. The contribution from the division's investment properties segment was marginally above the preceding year corresponding quarter with contribution from its newly acquired investment properties in Labuan but offset by lower contribution from some of its major investment properties. The division's results were also affected by the loss from fair value adjustments of investment properties of RM37 million as compared to the gain in the preceding year corresponding quarter of RM49.4 million. Consequently, the division's operating profit for the current quarter at RM323.6 million was 35% lower than the preceding year corresponding quarter of RM500.2 million.

Credit Financing Division's revenue for the current quarter at RM69.9 million was marginally lower than the preceding year corresponding quarter of RM70.9 million. Nevertheless, operating profit for the current quarter at RM51.4 million was 32% above the preceding year corresponding quarter of RM39 million, benefitted from lower provision for impairment on its loan base in tandem with improved non-performing loans ["NPL"] ratio. Revenue was lower due to lower loan base attributable to early redemption and settlement of loans in its Malaysian operations mitigated by higher loan disbursements in its United Kingdom operations. The division's loan base at the end of the current quarter at RM3.54 billion was 5% below the preceding year corresponding quarter of RM3.72 billion. The NPL ratio at the end of the year improved further to 1.99% from 2.35% at the end of the preceding year and 2.11% at the end of the immediate preceding quarter.

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

Automotive Division's revenue for the current quarter at RM364.6 million was 8% lower than the preceding year corresponding quarter of RM397.3 million. Inspite of the lower revenue, the division registered an operating profit of RM7.7 million for the current quarter as compared to an operating loss of RM24.2 million in the preceding year corresponding quarter. Revenue was affected mainly by lower sales from its passenger car segment but mitigated somewhat by higher sales from the commercial vehicle segment. The revenue from its passenger car segment for the current quarter was 17% below the preceding year corresponding quarter, impacted by delays in the supply of cars from the principal due to the global shortage of semiconductor chips which affected the production of cars globally. The after sales and services segment's throughput was higher by 9% but revenue was 10% lower due to lower major repairs and services. The commercial vehicle segment registered 41% higher revenue as compared to the preceding year corresponding quarter mainly attributable to higher sales of Fuso trucks from its wholesale distribution business. In the current quarter, both the passenger car and commercial vehicle segments continue to achieve better profit margins and incurred lower operating costs as compared to the preceding year corresponding quarter which contributed to the positive operating profit.

Trading Division's revenue for the current quarter at RM636.1 million was 45% higher than the preceding year corresponding quarter of RM439.3 million with better performance from all its businesses. Revenue from fertilizers trading business for the current quarter at RM469.3 million was 60% higher than the preceding year corresponding quarter attributable to higher sales volume and higher average selling prices. The tight global supply of fertilizers and increased freight costs have caused a spike in the prices of fertilizers. Demand was boosted by the high CPO prices. Both the general trading and the ceramic tiles businesses registered higher revenue at RM100.9 million and RM65.9 million, 20% and 5% above the preceding year corresponding quarter respectively as activities in the property development and construction sectors increased with the lifting of the movement restrictions in September 2021. Generally, all businesses registered higher profit margins and incurred lower operating costs arising from improved operational efficiencies and costs control measures. In the preceding year corresponding quarter, the division was also impacted by impairment loss on assets arising from the restructuring and rationalisation of its ceramic tiles business. Accordingly, the division recorded a significant improvement in the current quarter with an operating profit of RM29.8 million as compared to an operating loss of RM66.3 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"]. In the current quarter, both these business segments recorded higher revenue and contributed an increase of 13% to the division's revenue of RM156.4 million. Revenue from quarry, asphalt and bricks businesses for the current quarter at RM46.7 million was 8% higher than the preceding year corresponding quarter with higher sales volume and higher average selling prices of aggregate products in both the Malaysia and Singapore markets. Hafary's revenue for the current quarter at RM109.8 million was 15% above the preceding year corresponding quarter of RM95.5 million with improved sales performance from both its project and general sectors due to increased construction and renovation activities in Singapore. Consequently, the division registered an operating profit of RM12 million for the current quarter as compared to an operating loss of RM35 million in the preceding year corresponding quarter. The results in the preceding year corresponding quarter were also affected by impairment loss on assets arising from the rationalisation of its quarry, asphalt and brick businesses.

Overall, Group PBT and PAT for the year at RM1.45 billion and RM1.01 billion were higher than the preceding year by 31% and 26% respectively. Profit attributable to owners of the Company for the year at RM900.4 million and basic earnings per share for the year at 36.17 sen were both 20% higher than the preceding year.

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

	Current Quarter ended 31.12.2021 RM'000	**Immediate Preceding Quarter ended 31.9.2021** RM'000	***Increase/ (Decrease)***
Revenue	1,839,323	1,633,478	*13%*
Operating profit	541,771	591,502	*(8%)*
Profit before tax	514,528	561,522	*(8%)*

Group PBT for the current quarter at RM514.5 million was 8% lower than the immediate preceding quarter of RM561.5 million mainly attributable to lower contribution from Property, Credit Financing and Building Materials Divisions but mitigated by higher contribution from Plantation, Automotive and Trading Divisions.

Property Division's operating profit for the current quarter at RM323.6 million was 27% lower than the immediate preceding quarter of RM442.4 million mainly due to lower sales of non-strategic properties as well as loss from fair value adjustments of its investment properties.

Credit Financing Division's operating profit for the current quarter at RM51.4 million was marginally below the immediate preceding quarter of RM52.7 million mainly attributable to marginally lower loan base in the current quarter as compared to the immediate preceding quarter of RM3.56 billion.

Building Materials Division's operating profit for the current quarter at RM12 million was 42% lower than the immediate preceding quarter of RM20.6 million with lower contribution from quarry, asphalt and brick businesses due to lower operating margins and higher impairment loss on inventories in Hafary.

Plantation Division's operating profit for the current quarter at RM118.7 million was 68% higher than the immediate preceding quarter of RM70.6 million mainly attributable to higher revenue, higher gain from fair value of biological assets of RM19.5 million as compared to the immediate preceding quarter of RM2.6 million as well as favourable valuation of closing inventories in the current quarter. Revenue was 12% higher than the immediate preceding quarter, benefitted from higher average selling price per tonne of CPO and PK albeit with lower CPO sales volume. Average selling price per tonne of CPO and PK were 18% and 44% higher than the immediate preceding quarter of RM4,341 and RM2,615 respectively. Sales volume of CPO for the current quarter was 11% below the immediate preceding quarter of 34,753 tonnes attributable to timing of deliveries whilst PK's sales volume was 18% higher than the immediate preceding quarter of 7,163 tonnes benefitted from higher PK production and extraction rate.

Automotive Division's operating profit for the current quarter at RM7.7 million was significantly higher than the immediate preceding quarter of RM1.5 million mainly due to higher sales from both its passenger car and commercial vehicle segments as well as higher profit margins from its passenger car segment.

Trading Division's operating profit for the current quarter at RM29.8 million was 20% higher than the immediate preceding quarter of RM24.8 million mainly attributable to higher contribution from general trading and ceramic tiles businesses, benefitted from higher sales as the property development and construction activities resumed with the lifting of movement restrictions in September 2021.

3. **Current year prospects**

The Malaysian economy rebounded in the fourth quarter of 2021 with a growth of 3.6% over prior year's corresponding quarter in line with the relaxation of containment measures and global economic recovery. Bank Negara Malaysia ["BNM"] in its Monetary Policy Statement dated 20 January 2022 mentioned that: *"Looking ahead, growth is expected to gain further momentum in 2022. This will be driven by the expansion in global demand and higher private sector expenditure amid improvements in the labour market and continued policy support. Risks to the growth outlook, however, remain tilted to the downside. Such risks may arise from a weaker-than-expected global growth, a worsening in supply chain disruptions, and the emergence of severe and vaccine-resistant COVID-19 variants of concern."* The Monetary Policy Committee of BNM has also decided to maintain the Overnight Policy Rate at 1.75 percent in its meeting on 20 January 2022.

Malaysian palm oil inventories decreased by 3.9% month-on-month to 1.552 million tonnes at end January 2022 from 1.615 million tonnes at end December 2021 in tandem with the lower production. The global supplies of edible oils remain tight due to lower-than-expected production which have pushed edible oils prices to an unprecedented high. The monthly average CPO price was at its highest at RM5,354.50 per tonne in January 2022 and daily CPO price up to 18 February 2022, reached a record high of RM6,027.50 per tonne, supported by demand from India with the reduction by the Indian government on its agriculture infrastructure and development tax on crude palm oil from 7.5% to 5% with effect from 13 February 2022 to help its domestic palm oil refiners and consumers. The Indonesian government new domestic market obligation policy on palm oil exports implemented on 27 January 2022 which aims to control the domestic supply of vegetable oils and their prices, requires exporters of palm oil products to sell 20 percent of their planned total export volume domestically. This will further reduce Indonesian CPO exports and boost demand for Malaysia's CPO. Palm oil industry analysts expect current CPO prices to be supported in the short term in view of the low palm oil production season in the first quarter of 2022, exacerbated by delays in foreign workers intake in Malaysia to mitigate the existing labour shortage in the industry. In addition, the severe drought in South America affecting harvest and river transportation of its major summer crops of corn and soybeans will impact global supply of edible oils and push its prices up.

The Malaysian property market is anticipated to remain challenging in the first half of 2022 due to uncertainties arising from the spike in COVID-19 cases caused by the Omicron variant. Nevertheless, the Property Division will continue to monitor its new and ongoing project developments, focus on its sales and marketing activities with innovative packages and online sales promotion and activities to drive property project sales. Concerted efforts will also be put to optimise its investment properties' occupancy rates and rental yield. Some of the proposals announced in the recent Malaysian Budget 2022, 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 Credit Financing Division will focus on expanding its loan base in both Malaysia and United Kingdom whilst remaining cautious in its loan approval process amid the new wave of COVID-19 infections caused by the Omicron variant. 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. 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.

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

The Malaysian Automotive Association forecasted a 17.9% growth in total industry volume [“TIV”] to 600,000 units for 2022 from 508,911 units recorded in 2021 with 19.3% growth for passenger cars at 540,000 units and 6.7% growth for commercial vehicles at 60,000 units. The current accommodative hire purchase interest rates, sales tax exemption incentive for passenger vehicles which was extended to 30 June 2022 and the acceleration of production and deliveries to fulfil backlog and new orders are expected to be the main contributors to TIV growth. However, the prolonged pandemic-related challenges, supply chain issues, semiconductor chips shortage and rising freight cost may continue to affect the automotive industry and impact new vehicle sales whilst throughput in the after sales and services segment is expected to improve in tandem with the normalisation of vehicles usage as economic activities increase. The division’s body and paint repair centre in Shah Alam which commenced operations in July 2021 will broaden the division’s market coverage on after sales and services segment and enhance the division’s sales. 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 its fertilizer trading business in all its geographical markets to continue operating in very challenging and competitive business environment. The higher commodity prices and supply disruptions caused by the export restrictions on nitrogenous and phosphates fertilizers by the Chinese government during the second half of 2021 and continuing into 2022 as well as the geopolitical situation in Eastern Europe affecting one of the major producers of potash in that region continue to drive global demand and prices of fertilizers up. The general trading and ceramic tiles businesses are expected to benefit from the increased property development and construction activities to catch up on work-in-progress delayed previously by the movement restrictions. However, the recent wave of increase in COVID-19 infections due to the Omicron variant may slow down economic recovery. 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 its quarry, asphalt and bricks businesses to benefit from the resumption of construction activities in the major infrastructure projects but may be affected by the uncertainties with the spike in COVID-19 infections caused by the Omicron variant in recent weeks. Nevertheless, 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 and is expected to perform favourably. Hafary expects to benefit from the gradual economic recovery in Singapore. However, business environment in Singapore is expected to remain challenging as the construction sector continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers and uncertainties caused by the COVID-19 Omicron variant.

Based on the foregoing and despite the challenging business environment and uncertainties in the domestic and global economies caused by the prolonged COVID-19 pandemic, the Board is cautiously optimistic of achieving satisfactory results for the financial year ending 31 December 2022.

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 ended	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	6,490	14,205	16,002	43,397
Dividend income from equity investment at fair value through other comprehensive income	188	150	813	600
Dividend income from equity investment at fair value through profit or loss	-	1,128	2,963	4,688
Dividend income from money market deposits	12,082	10,677	40,122	35,572
(Loss)/Gain on equity investment at fair value through profit or loss	(222)	11,347	(647)	(1,614)
Loss on money market deposits at fair value	(636)	(76)	(535)	(2,306)
Interest expense	(42,331)	(57,870)	(176,108)	(247,118)
Depreciation and amortisation	(46,248)	(50,113)	(189,489)	(210,556)
Net allowance of impairment losses				
- trade receivables	(7,189)	(14,439)	(32,089)	(36,659)
Net inventories written down	(7,705)	(54,044)	(19,413)	(63,768)
Gain/(loss) on disposal of property, plant and equipment	598	(510)	1,490	209
Impairment loss on property, plant and equipment	(2,280)	(64,579)	(2,280)	(64,579)
Property, plant and equipment written off	(260)	(18,449)	(1,035)	(21,892)
Biological asset written off	-	(41)	(71)	(41)
Investment properties written off	(1,525)	-	(1,543)	-
Bad debts written off	(58)	(90)	(142)	(90)
Net foreign exchange (loss)/gain	(257)	(1,971)	2,013	47,838
Gain/(Loss) on non-hedging derivative instruments	2,844	(934)	615	(648)
(Loss)/Gain from fair value adjustments of investment properties	(37,022)	49,423	(37,022)	58,845
Gain from fair value adjustments of biological assets	19,469	6,033	23,832	8,287
Recovery of bad debts	69	44	419	451
Other gain/(loss) items				
- Gain on disposal of warrants in an associate	-	-	2,992	-
- Reversal of impairment loss/(Impairment loss) on investment in associates	6,105	(7,175)	6,105	(7,175)
- Impairment loss on intangible assets - goodwill	-	(4,201)	-	(4,201)
- Profit guarantee shortfall from holding company	-	179,901	-	179,901
- Contingent consideration	-	(76,388)	-	(76,388)
	6,105	92,137	9,097	92,137

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

6. **Tax expense**

	Quarter ended		Year ended	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	140,258	133,862	415,440	342,078
- deferred tax	47,941	(9,438)	34,226	(32,740)
	188,199	124,424	449,666	309,338
In respect of prior periods				
- income tax	(6,878)	(4,658)	(2,847)	(5,201)
- deferred tax	(2,381)	3,953	(2,265)	3,953
	(9,259)	(705)	(5,112)	(1,248)
	178,940	123,719	444,554	308,090

The Group's effective tax rate for the current quarter and the year (excluding over provision of tax in respect of prior periods) were higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes and reversal of deferred tax assets during the quarter.

The effective tax rate for the preceding year corresponding quarter and preceding year (excluding over provision of tax in respect of prior periods) were higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes and deferred tax assets not recognised on business losses by certain subsidiaries but offset by certain gains not subjected to tax.

7. **Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report**

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 18 February 2022:

(a) On 23 December 2021, *Positive Sunland Sdn Bhd ["Positive Sunland"] entered into a conditional sale and purchase agreement ["Platinum Park SPA"] with Sovereign Towers Sdn Bhd ["Sovereign Towers"] and Profound Reliance Sdn Bhd ["Profound Reliance"], pursuant to which Sovereign Towers agreed to dispose of all that parcel of vacant commercial land known as Plot No. 5, Lorong Kuda, Platinum Park, Kuala Lumpur identified as Lot No. 387, Seksyen 63 held under Title No. Geran 71978, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 74,346 sq. ft. to Positive Sunland for a cash consideration of RM265,786,950 ["Proposed Platinum Park Acquisition"]. Sovereign Tower is a wholly-owned subsidiary of Naza Corporation Holdings Sdn Bhd ["NCH"] whilst Profound Reliance is a 70%-owned subsidiary of NCH.

The Proposed Platinum Park Acquisition is currently pending approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia ["EPU Approval"] and the Platinum Park SPA shall become unconditional on the date the EPU Approval is obtained.

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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 (continued)**

(b) On 3 January 2022, *Sierra Positive Sdn Bhd [“Sierra Positive”] entered into a conditional sale and purchase agreement [“Met 3 SPA”] with TTDI KL Metropolis Sdn Bhd [“TKLM”], the wholly-owned subsidiary of Naza TTDI Sdn Bhd, which in turn is an 80%-owned subsidiary of Naza Corporation Holdings Sdn Bhd [“NCH”], pursuant to which TKLM agreed to dispose of all that parcel of vacant commercial land known as Met 3, Plot 7A, KL Metropolis identified as Lot No. 80929 held under Title No. Pajakan Negeri 52355, Locality of Jalan Duta, Mukim Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 668,212.79 sq. ft. [“Met 3 Land’] to Sierra Positive for a cash consideration of RM868,676,627 [“Met 3 Acquisition Consideration” and “Proposed Met 3 Acquisition” respectively]. Upon execution of the Met 3 SPA, 10% of the Met 3 Acquisition Consideration was paid to TKLM (the “Met 3 Deposit”].

On 12 January 2022, Sierra Positive entered into a supplemental agreement with TKLM (“said SA”) to vary the terms of the Met 3 SPA as follows:

(i) At the request of TKLM, notwithstanding that the Met 3 SPA not having become unconditional, Sierra Positive shall pay the Met 3 Acquisition Consideration (after deducting the Met 3 Deposit) in the manner set out below:-

(a) Firstly, Sierra Positive shall pay the redemption sum of the Met 3 Land [“said Redemption Sum”] within ten (10) business days from the date of Sierra Positive’s solicitors’ receipt of the redemption statement;
(b) Secondly, within ten (10) business days from the date of TKLM’s solicitors' written notice to Sierra Positive’s solicitors of their receipt of the discharge documents which shall include the original title of Met 3 Land [collectively, “Met 3 Discharge Documents”], Sierra Positive shall pay a further 70% of the Met 3 Acquisition Consideration [“70% Payment”] in exchange for the delivery of the Met 3 Discharge Documents together with an irrevocable power of attorney in respect of the Met 3 Land [“Met 3 PA”] to Sierra Positive’s solicitors’ to be held by them as stakeholders; and
(c) Thirdly, the balance of the Met 3 Acquisition Consideration after deducting the Met 3 Deposit, the said Redemption Sum and the 70% Payment shall be paid within one (1) month of the Met 3 SPA becoming unconditional.

(ii) The Conditional Period (defined below) has been extended by a further period of six (6) months which is to expire on 2 January 2023.
(iii) In the event the Authorities’ Approvals (defined below) could not be fulfilled for any reason whatsoever on expiry of the Conditional Period, TKLM shall refund to Sierra Positive all monies paid pursuant to the Met 3 SPA and the said SA, free of interest within twenty (20) business days of termination of the Met 3 SPA, in exchange for the return of all documents delivered to Sierra Positive pursuant to the Met 3 SPA and the said SA, including the Met 3 Discharge Documents and the Met 3 PA.

Conditional Period is defined as the period within which the following approvals are to be obtained from the relevant authorities:

(i) the approval of the Economic Planning Unit of the Prime Minister’s Department, Malaysia to be obtained by Sierra Positive for the purchase of the Met 3 Land at its own cost and expense; and
(ii) the approval of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur to be obtained by TKLM for the transfer of the Met 3 Land in favour of Sierra Positive pursuant to the restriction-in-interest on the title at its own cost and expense.

(collectively referred to as “Authorities’ Approvals”)

The said Redemption Sum and the 70% Payment were paid on 13 January 2022 and 19 January 2022 respectively.

The Proposed Met 3 Acquisition is currently pending fulfilment of the Authorities Approvals and the Met 3 SPA shall become unconditional on the date the Authorities Approvals are obtained.

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

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:

Purpose	Proposed Utilisation RM’000	As at 31 December 2021 Utilisation RM’000	Deviation under/(over) spent RM’000	%	Explanation
Working capital requirements:					
Loan disbursements of HSCSB’s credit financing division					
(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	
	905,500	905,417	83	0.01	
Estimated expenses	500	583	(83)	(17)	The over spent was set-off against the under utilisation for working capital requirement above #
	906,000	906,000	-	-	

(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	**Adjusted	As at 31 December 2021 Utilisation	Deviation under/(over) spent		Explanation
	RM'000	RM'000	RM'000	RM'000	%	
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 was 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 31.12.2021					
	Denominated in					
	RM RM’000	USD RM’000	SGD RM’000	Euro RM’000	IDR RM’000	Total RM’000
Current						
Secured						
- Term loans	-	-	32,857	-	-	32,857
- Revolving credits	-	-	75,595	-	-	75,595
	-	-	108,452	-	-	108,452
Unsecured						
- Term loans	157,826	-	18,513	-	-	176,339
- Revolving credits	812,499	345,795	-	-	89,998	1,248,292
- Trust receipts	-	-	40,210	21,478	-	61,688
- Bankers’ acceptances	252,497	43,406	-	-	-	295,903
- Medium term notes	470,000	-	-	-	-	470,000
	1,692,822	389,201	58,723	21,478	89,998	2,252,222
Total current borrowings	1,692,822	389,201	167,175	21,478	89,998	2,360,674
Non-current						
Secured						
- Term loans	-	-	348,427	-	-	348,427
Unsecured						
- Term loans	504,765	392,655	64,796	-	-	962,216
- Medium term notes	2,645,000	-	-	-	-	2,645,000
	3,149,765	392,655	64,796	-	-	3,607,216
Total non-current borrowings	3,149,765	392,655	413,223	-	-	3,955,643
Total borrowings	4,842,587	781,856	580,398	21,478	89,998	6,316,317

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

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

	As at 31.12.2020 *(Audited)*					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	14,780	-	-	14,780
- Revolving credits	-	-	58,937	-	-	58,937
	-	-	73,717	-	-	73,717
Unsecured						
- Term loans	785,176	354,345	-	-	-	1,139,521
- Revolving credits	1,184,499	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, 7 February 2020 and 20 to 23 December 2021. The KKHC has yet to fix further hearing dates of the Consolidated RESB Suit.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated 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, 7 February 2020 and 20 to 23 December 2021. The KKHC has yet to fix further hearing dates of the Consolidated RESB Suit.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated RESB Suit.

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11. **Derivatives**

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 December 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/JPY/RMB)					
- Designated as hedging instruments*	20,851	66	11,163	(11,362)	(199)
- Not designated as hedging instruments	638,736	(4,952)	314	301	615
	659,587	(4,886)	11,477	(11,061)	416
Cross currency interest rate swaps on foreign currency borrowings of less than 3 years (USD)					
- Designated as hedging instruments*	711,090	(3,744)	2,944	(9,636)	(6,692)

* *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 financial year, 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 31 December 2021 given by the Company's moneylending subsidiaries are as follows:

		Secured	Unsecured	Total
		RM'000	RM'000	RM'000
(a)	To companies	2,410,067	41	2,410,108
(b)	To individuals	327,936	1,208	329,144
(c)	To companies within the listed issuer group	477,842	323,936	801,778
(d)	To related parties	-	-	-
		3,215,845	325,185	3,541,030

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

		As at 31.12.2021
		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	1,505,642
		1,505,642

(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	60,097
(c)	Loans reclassified as performing during the financial year	(32,830)
(d)	Amount recovered	(42,974)
(e)	Amount written off	(1,388)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2021	70,345
(h)	Ratio of net loans in default to net loans	1.99%

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	419,895	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	390,000	377,251	Yes	372,438	No	12
3rd	Term Loan	175,948	198,856	Yes	386,540	No	102
4th	Term Loan	155,585	149,005	No	-	Yes*	3 – 30
5th	Term Loan	247,000	121,987	No	-	Yes*	63

* *Companies within the listed issuer group.*

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

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

	Quarter ended		**Year ended**	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
Profit attributable to owners of the Company (RM'000)	300,531	351,990	900,433	750,179
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)	12.07	14.14	36.17	30.13

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

15. **Dividend**

Dividends for the current financial year ended 31 December 2021 were 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) second interim dividend of 25 sen (2020: 15 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said second interim dividend was approved by the Directors on 25 November 2021 and paid on 22 December 2021.

(c) Total dividend for the current financial year ended 31 December 2021 was 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 was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2021.

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
24 February 2022