

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

	Quarter ended			Year-to-date ended		
	31.3.2022 RM'000	31.3.2021 RM'000	Increase/ (Decrease)	31.3.2022 RM'000	31.3.2021 RM'000	Increase/ (Decrease)
Revenue	1,645,388	1,277,504	29%	1,645,388	1,277,504	29%
Operating expenses	(1,381,443)	(1,069,899)		(1,381,443)	(1,069,899)	
Other operating income	37,909	39,328		37,909	39,328	
Operating profit	301,854	246,933	22%	301,854	246,933	22%
Finance costs	(42,128)	(51,945)		(42,128)	(51,945)	
Share of results of associates and joint ventures	6,436	6,670		6,436	6,670	
Profit before tax	266,162	201,658	32%	266,162	201,658	32%
Tax expense	(83,814)	(61,104)		(83,814)	(61,104)	
Profit for the period	182,348	140,554	30%	182,348	140,554	30%
Profit attributable to:						
Owners of the Company	156,303	120,832	29%	156,303	120,832	29%
Non-controlling interests	26,045	19,722		26,045	19,722	
	182,348	140,554		182,348	140,554	
Earnings per share (sen)						
Basic	6.28	4.85	29%	6.28	4.85	29%
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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022**

	Quarter ended		Year-to-date ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	182,348	140,554	182,348	140,554
Other comprehensive income/(expense) net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(3,240)	14,509	(3,240)	14,509
Share of foreign currency translation differences of associates and joint ventures	1,343	308	1,343	308
Change in fair value of cash flow hedge	3,664	(5,349)	3,664	(5,349)
Total other comprehensive income for the period	1,767	9,468	1,767	9,468
Total comprehensive income for the period	<u>184,115</u>	<u>150,022</u>	<u>184,115</u>	<u>150,022</u>
Total comprehensive income attributable to:				
Owners of the Company	155,959	128,675	155,959	128,675
Non-controlling interests	28,156	21,347	28,156	21,347
	<u>184,115</u>	<u>150,022</u>	<u>184,115</u>	<u>150,022</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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2022

	As at 31.3.2022	As at 31.12.2021
	RM'000	RM'000
		<i>(Audited)</i>
Non-current assets		
Property, plant and equipment	4,037,076	4,050,333
Investment properties	2,183,577	2,171,695
Investment in associates	485,525	477,634
Investment in joint ventures	8,540	8,652
Land held for property development	1,491,224	1,398,923
Intangible assets	37,911	37,936
Trade and other receivables	1,710,446	1,719,638
Other financial assets	16,980	17,995
Deferred tax assets	75,563	73,865
	<u>10,046,842</u>	<u>9,956,671</u>
Current assets		
Inventories	1,899,857	2,014,558
Property development costs	232,909	325,534
Biological assets	66,405	57,721
Trade and other receivables	2,609,700	1,949,777
Contract assets	18,670	26,814
Tax recoverable	56,485	56,274
Other financial assets	3,693	189
Money market deposits	1,116,188	1,867,729
Cash and bank balances	1,926,564	1,225,957
	<u>7,930,471</u>	<u>7,524,553</u>
TOTAL ASSETS	<u>17,977,313</u>	<u>17,481,224</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 31 MARCH 2022

	As at 31.3.2022	As at 31.12.2021
	RM'000	RM'000
		<i>(Audited)</i>
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	4,133,550	3,987,950
	<hr/>	<hr/>
	7,653,104	7,507,504
Less: Treasury shares	(113)	(113)
	<hr/>	<hr/>
	7,652,991	7,507,391
Non-controlling interests	1,231,292	1,197,368
	<hr/>	<hr/>
TOTAL EQUITY	8,884,283	8,704,759
	<hr/>	<hr/>
Non-current liabilities		
Trade and other payables	185,809	183,672
Contract liabilities	82,788	82,788
Employee benefits	2,770	2,691
Borrowings	4,268,059	3,955,643
Lease liabilities	113,719	112,976
Other financial liabilities	122	4,268
Deferred tax liabilities	492,279	491,206
	<hr/>	<hr/>
	5,145,546	4,833,244
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	1,017,007	1,099,245
Contract liabilities	44,219	36,947
Provisions	318,879	318,121
Tax payable	62,237	92,413
Borrowings	2,471,612	2,360,674
Lease liabilities	30,627	29,336
Other financial liabilities	2,903	6,485
	<hr/>	<hr/>
	3,947,484	3,943,221
	<hr/>	<hr/>
TOTAL LIABILITIES	9,093,030	8,776,465
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	17,977,313	17,481,224
	<hr/>	<hr/>
Net assets per share (RM)	3.07	3.02
	<hr/>	<hr/>
Number of shares net of treasury shares ('000)	2,489,670	2,489,670

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2022**

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Treasury shares RM'000			
At 1 January 2022	3,519,554	158,374	3,829,576	(113)	7,507,391	1,197,368	8,704,759
Profit for the period	-	-	156,303	-	156,303	26,045	182,348
Total other comprehensive income for the period	-	(344)	-	-	(344)	2,111	1,767
Total comprehensive income for the period	-	(344)	156,303	-	155,959	28,156	184,115
Changes in ownership interest in subsidiaries	-	-	(10,359)	-	(10,359)	40,966	30,607
Dividends paid to non-controlling interests	-	-	-	-	-	(35,198)	(35,198)
At 31 March 2022	3,519,554	158,030	3,975,520	(113)	7,652,991	1,231,292	8,884,283
At 1 January 2021	3,519,554	157,756	3,807,131	(113)	7,484,328	1,173,265	8,657,593
Profit for the period	-	-	120,832	-	120,832	19,722	140,554
Total other comprehensive income for the period	-	7,843	-	-	7,843	1,625	9,468
Total comprehensive income for the period	-	7,843	120,832	-	128,675	21,347	150,022
Changes in ownership interest in a subsidiary	-	-	(283)	-	(283)	2,367	2,084
Dividends paid to non-controlling interests	-	-	-	-	-	(17,632)	(17,632)
At 31 March 2021	3,519,554	165,599	3,927,680	(113)	7,612,720	1,179,347	8,792,067

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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2022**

	Year-to-date ended	
	31.3.2022	31.3.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	266,162	201,658
Adjustments for:		
Non-cash items	38,105	54,843
Non-operating items	(6,572)	(6,713)
Dividend income	(2,424)	(8,646)
Net interest expense	37,994	48,918
Operating profit before working capital changes	333,265	290,060
Net changes in working capital	(827,314)	579,033
Net changes in loan receivables	314,014	(69,888)
Net tax paid	(114,961)	(114,440)
Net interest paid	(46,685)	(54,639)
Net changes in land held for property development	(21,417)	10,632
Net cash flows (used in)/generated from operating activities	(363,098)	640,758
Cash flows from investing activities		
Dividends received from money market deposits	2,236	8,496
Decrease in money market deposits	756,198	68,038
Proceeds from disposal of interest in subsidiary	78,150	2,084
Acquisition of shares from non-controlling interests	(47,543)	-
Proceeds from disposal of property, plant and equipment	4,102	237
Purchase of property, plant and equipment	(88,349)	(39,783)
Additions to investment properties	(11,800)	(219,496)
Net cash flows generated from/(used in) investing activities	692,994	(180,424)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(37,897)	(17,632)
Net drawdown/(repayment) of borrowings	417,845	(300,552)
Payment of lease liabilities	(6,934)	(7,488)
Net cash flows generated from/(used in) financing activities	373,014	(325,672)
Net increase in cash and cash equivalents	702,910	134,662
Effects on exchange rate changes	(2,303)	9,491
Cash and cash equivalents at beginning of the period	1,225,957	960,872
Cash and cash equivalents at end of the period	1,926,564	1,105,025
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	1,457,740	607,173
Cash in hand and at bank	468,824	497,852
	1,926,564	1,105,025

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 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 2021.

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 2021.

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 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 March 2022, 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

There was no dividend paid out of shareholders' equity for ordinary shares during the interim period and preceding year corresponding period.

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/Year-to-date ended 31 March 2022</u>									
Revenue									
External revenue	242,153	125,492	46,452	364,919	751,253	115,119	-	-	1,645,388
Inter-segment revenue	-	5,565	15,165	6,419	34,274	21,335	-	(82,758)	-
Total revenue	242,153	131,057	61,617	371,338	785,527	136,454	-	(82,758)	1,645,388
Operating profit									
Finance costs									(42,128)
Share of results of associates and joint ventures									6,436
Profit before tax									266,162
Segment assets	2,351,758	7,725,775	2,774,252	689,542	1,613,396	1,211,241	985,236	-	17,351,200
Segment liabilities	63,148	1,153,520	1,410,614	268,645	908,274	768,181	3,966,132	-	8,538,514
<u>Preceding year quarter/Year-to-date ended 31 March 2021</u>									
Revenue									
External revenue	121,322	262,139	59,149	306,189	417,522	111,183	-	-	1,277,504
Inter-segment revenue	-	5,660	14,231	5,998	23,510	10,311	-	(59,710)	-
Total revenue	121,322	267,799	73,380	312,187	441,032	121,494	-	(59,710)	1,277,504
Operating profit									
Finance costs									(51,945)
Share of results of associates and joint ventures									6,670
Profit before tax									201,658
Segment assets	2,191,373	6,187,418	3,208,165	816,388	1,135,542	1,047,858	1,875,835	-	16,462,579
Segment liabilities	72,734	910,777	1,957,726	274,741	579,083	595,031	3,325,316	-	7,715,408

8. Event after the end of interim period

Save for the subsequent events disclosed in Note 9 of Part B, event after the end of the interim period and up to 20 May 2022 that have not been reflected in these interim financial statements is as follows:

Subsequent to the interim period up to 20 May 2022, the Company disposed of 13,595,300 ordinary shares representing approximately 1.70% of equity interest in Hap Seng Plantations Holdings Berhad ["HSP"] via the open market, thereby reducing its shareholding in HSP from 71.57% to 69.87%. HSP is the Company's subsidiary listed on Bursa Malaysia Securities Berhad.

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

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

- (a) 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 ["WFHPL"] at a cash consideration of S\$3,020,038.07, with which WFHPL became an 81%-owned subsidiary of Hafary on even date. WFHPL is a property investment holding company with leasehold interest of property located at 18 Sungei Kadut Street 2, Singapore 729236.
- (b) On 18 March 2022, *Hap Seng Land Development Sdn Bhd entered into a share sale agreement to acquire the remaining 10,050,000 ordinary shares representing 20% of the issued share capital of Hap Seng Land Development (Balakong) Sdn Bhd ["HSLD (Balakong)"] from Jinee Sdn Bhd, for a cash consideration of RM21,357,000.00. HSLD (Balakong) is principally involved in property development. With the completion of the aforesaid acquisition, HSLD (Balakong) became a wholly-owned subsidiary of the Company.
- (c) On 18 March 2022, *Hap Seng Land Development Sdn Bhd entered into a share sale agreement to acquire the remaining 10,250,000 ordinary shares representing 20% of the issued share capital of Hap Seng Land Development (JTR 2) Sdn Bhd ["HSLD (JTR 2)"] from Jinee Sdn Bhd, for a cash consideration of RM16,865,000.00. HSLD (JTR 2) is principally involved in property development. With the completion of the aforesaid acquisition, HSLD (JTR 2) became a wholly-owned subsidiary of the Company.
- (d) During the current quarter, the Company disposed of a total of 26,546,300 ordinary shares representing approximately 3.32% of equity interest in HSP via the open market, thereby reducing its shareholding in HSP from 74.89% to 71.57%.

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

10. Significant events and transactions

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 20 May 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 interim period which is expected to have an operational or financial impact on the Group.

12. Capital commitments

The Group has the following capital commitments:

	As at	As at
	31.3.2022	31.12.2021
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for		
- property, plant and equipment	335,717	349,368
- investment properties	780	8,248
	<u>336,497</u>	<u>357,616</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 meeting held on 25 May 2021.

(The remainder of this page has been intentionally left blank)

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 RM1.65 billion was 29% higher than the preceding year corresponding quarter of RM1.28 billion mainly attributable to higher revenue contribution from Plantation, Automotive, Trading and Building Materials Divisions. Generally, the performance of the group businesses benefitted from improving domestic demand as economic activities continued to normalise with the easing of the COVID-19 containment measures. Consequently, the Group's operating profit for the current quarter at RM301.9 million was 22% higher than the preceding year corresponding quarter of RM246.9 million.

Plantation Division's revenue for the current quarter at RM242.2 million approximately doubled that of the preceding year corresponding quarter of RM121.3 million mainly benefitted from higher average selling prices realisation as well as higher sales volume of all palm products. Average selling price of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] for the current quarter at RM6,019 per tonne and RM4,702 per tonne respectively were significantly higher than the preceding year corresponding quarter of RM3,854 per tonne for CPO and RM2,585 per tonne for PK. CPO sales volume for the current quarter at 33,607 tonnes was 28% above the preceding year corresponding quarter whilst PK sales volume was 8% higher at 7,319 tonnes mainly attributable to higher CPO and PK production and favourable inventory movements in the current quarter. CPO and PK production for the current quarter were higher by 6% and 7% respectively as compared to the preceding year corresponding quarter, benefitted from higher fresh fruit bunches ["FFB"] production as well as higher CPO and PK extraction rates. FFB production for current quarter was 5% higher than the preceding year corresponding quarter with higher FFB yield due to seasonal yield trend and changes in cropping patterns. Consequently, operating profit for the current quarter at RM125.6 million was significantly higher than the preceding year corresponding quarter of RM39.8 million.

Property Division's revenue for the current quarter at RM131.1 million was 51% lower than the preceding year corresponding quarter of RM267.8 million whilst operating profit for the current quarter at RM58.8 million was 58% below the preceding year corresponding quarter of RM140 million. The division's performance was mainly affected by lower sales from property development projects and non-strategic properties. The property development segment continued to be affected by cautious consumers' sentiments amid a lack of incentives to stimulate purchase subsequent to the end of the Home Ownership Campaign on 31 December 2021, concerns of difficulties in obtaining adequate bank financing and uncertainties in the general economic recovery following the easing of the COVID-19 containment measures. Nevertheless, profit contribution from project development improved over the preceding year corresponding quarter, benefitted from higher project margin achieved from its projects in East Malaysia. The division's investment properties segment continued to generate stable rental revenue with improvement in occupancy and rental rates from some of its major investment properties in Kuala Lumpur City Centre, Kota Kinabalu and Labuan.

Credit Financing Division's revenue for the current quarter at RM61.6 million was 16% lower than the preceding year corresponding quarter of RM73.4 million. Operating profit for the current quarter at RM49.2 million was 12% below the preceding year corresponding quarter of RM55.9 million. The division registered lower contribution from its Malaysian operations due to lower loan disbursements and early redemption of loans by certain customers. This was however mitigated somewhat by higher loan base from its United Kingdom operations. Total loan disbursements in the current quarter was 18% below the preceding year corresponding quarter. The division's loan base at the end of the current quarter was RM3.24 billion, 15% below the preceding year corresponding quarter of RM3.81 billion. Non-performing loans ["NPL"] ratio at the end of the current quarter was 2.17% as compared to 2.30% at the end of the preceding year corresponding quarter.

1. Review of performance (continued)

Automotive Division's revenue for the current quarter at RM371.3 million was 19% higher than the preceding year corresponding quarter of RM312.2 million with improved performance from both its passenger car and commercial vehicle segments. The passenger car segment achieved 22% higher revenue with 18% increase in number of cars sold, boosted by backlog deliveries of stocks from the principal and customers taking advantage of the sales tax exemption on passenger cars which expires on 30 June 2022. The after sales and services segment registered 9% increase in revenue with 15% higher throughput. The commercial vehicle segment's revenue was 8% higher as compared to the preceding year corresponding quarter with higher sales of Actros. The division continued to register improved profit margins from both the passenger car and commercial vehicle segments in the current quarter. Overall, the division's operating profit for the current quarter at RM10.9 million was significantly higher than the preceding year corresponding quarter of RM2.5 million.

Trading Division's revenue for the current quarter at RM785.5 million was 78% higher than the preceding year corresponding quarter of RM441 million. Fertilizers trading business's revenue for the current quarter at RM621.3 million more than doubled that of the preceding year corresponding quarter. Both its Malaysian and Indonesian markets registered higher sales attributable to higher average selling prices due to global supply disruptions caused by the geopolitical tension in Europe. Revenue from the general trading and the ceramic tiles businesses for the current quarter at RM104 million and RM60.3 million were 28% and 13% above the preceding year corresponding quarter respectively as activities in the property development and construction sectors continued to normalise towards the pre COVID-19 pandemic level. Consequently, the division's operating profit for the current quarter at RM74.8 million more than tripled that of the preceding year corresponding quarter of RM 19.7 million.

Building Materials Division comprises the quarry, asphalt and bricks businesses and trading of building materials by Hafary Holdings Limited ["Hafary"]. The division's revenue for the current quarter at RM136.5 million was 12% higher than the preceding year corresponding quarter of RM121.5 million with higher contribution from both business segments. In the current quarter, the division's revenue from quarry, asphalt and bricks businesses was RM40 million, 3% higher than the preceding year corresponding quarter mainly attributable to higher average selling prices of aggregate products in both the markets in Malaysia and Singapore. Hafary's revenue for the current quarter at RM96.4 million was 17% above the preceding year corresponding quarter of RM82.6 million as both the general and project sectors benefitted from the recovery of renovation and construction activities in Singapore. Generally, both business segments achieved higher profit margin with better sales mix from Hafary and lower production costs from quarry, asphalt and bricks businesses arising from its cost optimisation efforts. Consequently, the division's operating profit for the current quarter at RM20.6 million was 33% higher than the preceding year corresponding quarter of RM15.5 million.

Overall, Group profit before tax ["PBT"] and profit after tax for the current quarter at RM266.2 million and RM182.3 million were higher than the preceding year corresponding quarter by 32% and 30% respectively. Accordingly, profit attributable to owners of the Company and basic earnings per share for the current quarter at RM156.3 million and 6.28 sen respectively were both 29% higher than the preceding year corresponding quarter.

(The remainder of this page has been intentionally left blank)

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

	Current Quarter ended 31.3.2022 RM'000	Immediate Preceding Quarter ended 31.12.2021 RM'000	Increase/ (Decrease)
Revenue	<u>1,645,388</u>	<u>1,839,323</u>	(11%)
Operating profit	<u>301,854</u>	<u>541,771</u>	(44%)
Profit before tax	<u><u>266,162</u></u>	<u><u>514,528</u></u>	(48%)

Group PBT for the current quarter at RM266.2 million was 48% lower than the immediate preceding quarter of RM514.5 million mainly due to lower contribution from Property and Credit Financing Divisions mitigated by higher contribution from Plantation, Automotive, Trading and Building Materials Divisions.

Property Division's operating profit for the current quarter at RM58.8 million was 82% lower than the immediate preceding quarter of RM323.9 million mainly due to lower sales of non-strategic properties in the current quarter.

Credit Financing Division's operating profit for the current quarter at RM49.2 million was 4% below the immediate preceding quarter of RM51.4 million mainly due to lower loan disbursements in both its Malaysian and United Kingdom operations.

Plantation Division's operating profit for the current quarter at RM125.6 million was 6% above the immediate preceding quarter of RM118.7 million mainly attributable to higher sales of palm products but reduced by lower gain from fair value of biological assets of RM8.7 million as compared to the immediate preceding quarter of RM19.5 million. Revenue was 24% higher than the immediate preceding quarter, benefitted from higher average selling price per tonne of all palm products and higher sales volume of CPO. Average selling price per tonne of CPO and PK were 18% and 25% higher than the immediate preceding quarter of RM5,103 and RM3,762 respectively. Sales volume of CPO for the current quarter was 9% above the immediate preceding quarter of 30,972 tonnes benefitted from favourable inventory movements in the current quarter.

Automotive Division's operating profit for the current quarter at RM10.9 million was 43% higher than the immediate preceding quarter of RM7.7 million mainly attributable to lower operating costs from both its passenger car and commercial vehicle segments.

Trading Division's operating profit for the current quarter at RM74.8 million more than doubled that of the immediate preceding quarter of RM30.2 million mainly due to higher sales and higher average gross profit margin from its fertilizers trading business.

Building Materials Division's operating profit for the current quarter at RM20.6 million was 86% higher than the immediate preceding quarter of RM11.1 million mainly attributable to higher operating margins achieved by quarry, asphalt and bricks businesses and lower impairment loss on inventories in Hafary.

3. Current year prospects

Malaysia registered an economic growth of 5% in the first quarter of 2022 as compared to a contraction of 0.5% in the corresponding period last year. The positive economic performance was underpinned by improving domestic demand as economic activities continued to normalise with the easing of COVID-19 containment measures. Bank Negara Malaysia ["BNM"] in its Monetary Policy Statement dated 11 May 2022 mentioned that: *"For the Malaysian economy, latest indicators show that growth is on a firmer footing, driven by strengthening domestic demand amid sustained export growth. The labour market is further lifted by a lower unemployment rate, higher labour participation and better income prospects. The transition to endemicity on 1 April 2022 would strengthen economic activity, in line with further easing of restrictions and the reopening of international borders. Investment activity and prospects have also improved, underpinned by the realisation of multi-year projects and positive growth outlook. However, risks to growth remain, which include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, and adverse developments surrounding COVID-19."* The Monetary Policy Committee of BNM has decided to increase the Overnight Policy Rate by 25 basis points to 2.0 percent in its meeting on 11 May 2022.

Malaysian palm oil inventories at end of April 2022 rose 11.5% month-on-month to 1.642 million tonnes from 1.473 million tonnes in the previous month in tandem with higher production by 3.6% and lower exports by 17.7%. Monthly average prices per tonne of CPO from January to March 2022 ranged between RM5,354.50 and RM6,867 with the average price for April 2022 at RM6,678 per tonne. The Indonesian government, in its attempt to control the domestic supply of vegetable oils and their prices, had instituted a complete ban on palm oil exports from 28 April to 22 May 2022. This had affected the global palm oil supply and its prices. It resulted in major importers of Indonesian palm oil namely India, China and Spain seeking for alternative sources which caused a surge in Malaysia's palm oil exports. According to data from cargo surveyor Intertek, Malaysia's palm oil exports surged 40 per cent in the first 10 days of May 2022 as compared with the same period in the previous month. Concerns on Indonesia's previous palm oil exports' ban coupled with the drought in South America which affected soybean supplies have also pushed global prices of soybean oil to record highs. In addition, major importers of sunflower oil in Europe, India and China are turning to palm oil as an alternative as the recent Russia-Ukraine crisis has caused a global shortage of sunflower oil with both Russia and Ukraine accounted for more than half of the global sunflower oil supply. Palm oil industry analysts expect CPO prices to remain buoyant at the current level in the near term, supported by the global shortages of edible oils and the geopolitical tension in Europe but expect prices to moderate in the second half of 2022 as CPO production enters its peak production cycle subject to the resolution of the labour shortage situation in Malaysia with the re-entry of migrant workers. The favourable impact from the strong CPO prices will however be dampened by the rising prices of fertilizers and fuel coupled with the increase in minimum wage under the Malaysian Minimum Wage Order 2022 effective May 2022 which will push production costs higher.

The Malaysian property market is expected to benefit from the reopening of borders and the increase in momentum of domestic economic activities as the nation transition to the COVID-19 endemic phase. The Property Division will continue to monitor its new and ongoing project developments, intensify its social media marketing activities with innovative packages and sales promotion to drive property project sales. Though the commercial property market is faced with the oversupply of office space in the Klang Valley, the division expects its investment properties segment to perform favourably, supported by its relatively stable tenant portfolio and active leasing and building management efforts. The division's hospitality segment is expected to commence operations of its first 5-star hotel, Hyatt Centric Kota Kinabalu in the second half of 2022 whilst development of three other hotel buildings in the Klang Valley are in progress.

The Credit Financing Division expects to benefit from the improved economic activities in Malaysia with opportunities to grow its loan base, focusing on its pre-selected sectors of financing and existing quality customers to maintain a stable and quality loan portfolio. Concerted efforts are also placed on credit control and debt collections, strengthening its loan recovery and rehabilitation process to mitigate loan impairment to keep its NPL ratio low.

3. Current year prospects (continued)

The automotive industry in Malaysia registered an increase in total industry volume [“TIV”] in the first quarter of 2022 by 7.8% to 159,752 units as compared to the same period last year of 148,155 units, as reported by the Malaysian Automotive Association. With the easing of COVID-19 containment measures and the normalisation of economic activities as well as the ongoing sales tax exemption which ends on 30 June 2022, car sales in Malaysia are expected to remain buoyant in the second quarter as automakers rush to fulfil backlog bookings before the expiry of the sales tax exemption. The global automotive industry continued to face challenges in the supply chain with the sluggish recovery in the global supply of semiconductor chips, the geopolitical tension in Europe affecting the supply and prices of vital raw materials, and rising freight costs. Nevertheless, the Group’s Automotive Division will continue to focus on strengthening its dealership network whilst providing service excellence amid the intense competition from other brands and dealers. It will also put concerted efforts on increasing efficiency of its after sales and services segment to improve its profitability. The division’s body and paint repair centre in Shah Alam which commenced operations in third quarter 2021 and the upcoming new 3S Autohaus in Setia Alam and Bukit Tinggi will broaden the division’s market coverage and enhance the division’s sales.

The Trading Division expects its fertilizers trading business to operate in an extremely challenging business environment amid the global supply disruptions and escalating prices of fertilizers caused by the geopolitical tension in Europe affecting the supply of potash, and China’s export restrictions on nitrogenous and phosphates fertilizers. The general trading business is expected to benefit from the increased property development and construction activities as economic activities normalise with the easing of COVID-19 containment measures. 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 perform favourably, benefitting from the resumption of construction activities in the major infrastructure projects. Hafary expects to benefit from the gradual recovery in Singapore’s construction sector and the sale of residential properties in the primary and secondary property market.

Based on the foregoing and despite the uncertainties in the domestic and global economies, 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.

(The remainder of this page has been intentionally left blank)

5. Profit before tax

	Quarter ended		Year-to-date ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	4,134	3,027	4,134	3,027
Dividend income from equity investment at fair value through other comprehensive income	188	150	188	150
Dividend income from money market deposits	2,236	8,496	2,236	8,496
Loss on equity investment at fair value through profit or loss	-	(1,632)	-	(1,632)
Gain/(Loss) on money market deposits at fair value	4,657	(310)	4,657	(310)
Interest expense	(42,128)	(51,945)	(42,128)	(51,945)
Depreciation and amortisation	(47,788)	(47,786)	(47,788)	(47,786)
Net allowance of impairment losses				
- trade receivables	(2,181)	(9,044)	(2,181)	(9,044)
Net inventories written down	(3,219)	(2,552)	(3,219)	(2,552)
Gain on disposal of property, plant and equipment	136	43	136	43
Property, plant and equipment written off	(11)	(505)	(11)	(505)
Net foreign exchange gain	29	1,636	29	1,636
Gain on non-hedging derivative instruments	3,482	6,963	3,482	6,963
Gain from fair value adjustments of biological assets	8,684	6,487	8,684	6,487
Recovery of bad debts	158	144	158	144

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-to-date ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	84,549	67,148	84,549	67,148
- deferred tax	(735)	(6,044)	(735)	(6,044)
	83,814	61,104	83,814	61,104

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes.

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 20 May 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"] the beneficial proprietor and Profound Reliance Sdn Bhd ["Profound Reliance"] the registered proprietor 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. ["said Platinum Park Land"] to acquire the said Platinum Park Land for a cash consideration of RM265,786,950 ["Platinum Park Acquisition Consideration" and Proposed Platinum Park Acquisition respectively"]. Sovereign Tower is the wholly-owned subsidiary of Naza Corporation Holdings Sdn Bhd ["NCH"] whilst Profound Reliance is a 70%-owned subsidiary of NCH. Upon execution of the Platinum Park SPA, 10% of the Platinum Park Acquisition Consideration was paid to Sovereign Towers.

The Proposed Platinum Park Acquisition is subject to the 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 of receipt of the EPU Approval.

- (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 the 80%-owned subsidiary of 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"]. Completion of the Proposed Met 3 Acquisition was conditional upon the following authorities' approvals to be obtained within 12 months from the date of the SPA which will expire on 2 January 2023 ["Conditional Period"], namely:
- (i) the EPU Approval; and
 - (ii) the approval of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur for the transfer of the Met 3 Land in favour of Sierra Positive [collectively, "Authorities' Approvals"].

The Met 3 SPA shall become unconditional on the date all the Authorities' Approvals are obtained ("Unconditional Date").

(The remainder of this page has been intentionally left blank)

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) continued

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 has not become unconditional, Sierra Positive had agreed to 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 10 business days from the date of Sierra Positive’s solicitors’ receipt of the redemption statement; and
 - (b) within 10 business days of 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) 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 1 month from the Unconditional Date.
- (ii) In the event that the Authorities’ Approvals could not be fulfilled for any reason whatsoever on the 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 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.

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

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

(The remainder of this page has been intentionally left blank)

8. 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 31.3.2022 →					
	← Denominated in →					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	32,223	-	-	32,223
- Revolving credits	-	-	88,507	-	-	88,507
	-	-	120,730	-	-	120,730
Unsecured						
- Term loans	127,001	100,867	18,633	-	-	246,501
- Revolving credits	619,500	382,507	-	-	98,702	1,100,709
- Trust receipts	-	-	34,639	23,297	-	57,936
- Bankers' acceptances	308,245	27,491	-	-	-	335,736
- Medium term notes	610,000	-	-	-	-	610,000
	1,664,746	510,865	53,272	23,297	98,702	2,350,882
Total current borrowings	1,664,746	510,865	174,002	23,297	98,702	2,471,612
Non-current						
Secured						
- Term loans	-	-	369,058	-	-	369,058
Unsecured						
- Term loans	466,322	546,780	55,899	-	-	1,069,001
- Medium term notes	2,830,000	-	-	-	-	2,830,000
	3,296,322	546,780	55,899	-	-	3,899,001
Total non-current borrowings	3,296,322	546,780	424,957	-	-	4,268,059
Total borrowings	4,961,068	1,057,645	598,959	23,297	98,702	6,739,671

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

8. Borrowings and debt securities (continued)

	←————— As at 31.12.2021 (Audited) —————→					
	←————— 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	-	-	32,857	-	-	32,857
- Revolving credits	-	-	75,595	-	-	75,595
	-	-	108,452	-	-	108,452
<u>Unsecured</u>						
- 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
<u>Non-current</u>						
<u>Secured</u>						
- Term loans	-	-	348,427	-	-	348,427
<u>Unsecured</u>						
- 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.

(The remainder of this page has been intentionally left blank)

9. **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, 7 February 2020, 20 to 23 December 2021, 18 April 2022 and 20 May 2022. The Consolidated RESB Suit has been fixed for continued hearing on 24 June 2022.

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

9. **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, 7 February 2020, 20 to 23 December 2021, 18 April 2022 and 20 May 2022. The Consolidated RESB Suit has been fixed for continued hearing on 24 June 2022.

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

(The remainder of this page has been intentionally left blank)

10. 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 March 2022 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*	79,751	(60)	618	(404)	214
- Not designated as hedging instruments	667,835	(212)	4,740	(1,258)	3,482
	<u>747,586</u>	<u>(272)</u>	<u>5,358</u>	<u>(1,662)</u>	<u>3,696</u>
Cross currency interest rate swaps					
on foreign currency borrowings					
of less than 3 years (USD)					
- Designated as hedging instruments*	933,725	1,852	4,852	(1,402)	3,450

* 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.

11. 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 10 above.

12. 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 March 2022 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	2,099,324	27	2,099,351
(b) To individuals	329,473	1,201	330,674
(c) To companies within the listed issuer group	481,407	323,842	805,249
(d) To related parties	-	-	-
	<u>2,910,204</u>	<u>325,070</u>	<u>3,235,274</u>

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

	As at
	31.3.2022
	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	1,376,742
	<u>1,376,742</u>

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

	RM'000
(a) Balance as at 1.1.2022	70,345
(b) Loans classified as in default during the financial year	12,077
(c) Loans reclassified as performing during the financial year	(6,505)
(d) Amount recovered	(5,717)
(e) Amount written off	-
(f) Loans converted to securities	-
(g) Balance as at 31.3.2022	<u>70,200</u>
(h) Ratio of net loans in default to net loans	<u>2.17%</u>

12. Provision of financial assistance (continued)

Moneylending operations (continued)

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	420,000	419,820	Yes	467,834	Yes*	3 - 72
2 nd	Term Loan	175,948	202,874	Yes	386,540	No	102
3 rd	Term Loan	155,585	148,959	No	-	Yes*	3 - 30
4 th	Term Loan	247,000	121,939	No	-	Yes*	63
5 th	Term Loan	81,295	81,314	Yes	300,000	No	27

* Companies within the listed issuer group.

13. 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	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Profit attributable to owners of the Company (RM'000)	156,303	120,832	156,303	120,832
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)	6.28	4.85	6.28	4.85

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

14. Dividend

- (a) The Board of Directors has on even date approved the following first interim dividend for the financial year ending 31 December 2022:
- | | | |
|------|--|---|
| (i) | Amount per ordinary share
- First Interim Dividend | 10 sen (2021: 10 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:
Amount per ordinary share | 10 sen (2021: 10 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. |
- (b) The dividend will be payable in cash on 23 June 2022; and
- (c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 13 June 2022.

NOTICE OF FIRST INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a first interim dividend of 10 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 2022, will be payable in cash on 23 June 2022 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 13 June 2022. 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 pm on 9 June 2022 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4.30 pm on 13 June 2022 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.

15. 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 2021 was not subject to any qualification.

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

Company Secretary
Kuala Lumpur
27 May 2022