CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2022

	Quarter ended			Year-to-date ended		
	30.6.2022 RM'000	**30.6.2021** RM'000	*Increase/ (Decrease)*	**30.6.2022** RM'000	**30.6.2021** RM'000	*Increase/ (Decrease)*
Revenue	1,700,908	1,262,449	*35%*	3,346,296	2,539,953	*32%*
Operating expenses	(1,468,394)	(1,074,468)		(2,849,837)	(2,144,367)	
Other operating income	35,203	23,013		73,112	62,341	
Operating profit	267,717	210,994	*27%*	569,571	457,927	*24%*
Finance costs	(45,241)	(44,310)		(87,369)	(96,255)	
Share of results of associates and joint ventures	9,475	5,506		15,911	12,176	
Profit before tax	231,951	172,190	*35%*	498,113	373,848	*33%*
Tax expense	(65,721)	(48,957)		(149,535)	(110,061)	
Profit for the period	166,230	123,233	*35%*	348,578	263,787	*32%*
Profit attributable to:						
Owners of the Company	132,583	97,516	*36%*	288,886	218,348	*32%*
Non-controlling interests	33,647	25,717		59,692	45,439	
	166,230	123,233		348,578	263,787	
Earnings per share (sen)						
Basic	5.33	3.92	*36%*	11.60	8.77	*32%*
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 SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2022

	Quarter ended		Year-to-date ended	
	30.6.2022	**30.6.2021**	**30.6.2022**	**30.6.2021**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	166,230	123,233	348,578	263,787
Other comprehensive (expense)/income net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(16,657)	3,282	(19,897)	17,791
Share of foreign currency translation differences of associates and joint ventures	(867)	(2,439)	476	(2,131)
Change in fair value of cash flow hedge	(2,900)	1,300	764	(4,049)
Total other comprehensive (expense)/income for the period	(20,424)	2,143	(18,657)	11,611
Total comprehensive income for the period	145,806	125,376	329,921	275,398
Total comprehensive income attributable to:				
Owners of the Company	111,492	99,003	267,451	227,678
Non-controlling interests	34,314	26,373	62,470	47,720
	145,806	125,376	329,921	275,398

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 30 JUNE 2022

	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,202,305	4,050,333
Investment properties	2,363,382	2,171,695
Investment in associates	486,784	477,634
Investment in joint ventures	8,569	8,652
Land held for property development	1,146,160	1,398,923
Intangible assets	37,885	37,936
Trade and other receivables	1,800,271	1,719,638
Other financial assets	48,000	17,995
Deferred tax assets	77,182	73,865
	10,170,538	9,956,671
Current assets		
Inventories	1,975,699	2,014,558
Property development costs	276,185	325,534
Biological assets	65,865	57,721
Trade and other receivables	2,487,117	1,949,777
Contract assets	6,331	26,814
Tax recoverable	94,250	56,274
Other financial assets	16,385	189
Money market deposits	1,348,923	1,867,729
Cash and bank balances	1,887,681	1,225,957
	8,158,436	7,524,553
TOTAL ASSETS	18,328,974	17,481,224

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 30 JUNE 2022

	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000 *(Audited)*
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	4,008,670	3,987,950
	7,528,224	7,507,504
Less: Treasury shares	(113)	(113)
	7,528,111	7,507,391
Non-controlling interests	1,294,941	1,197,368
TOTAL EQUITY	8,823,052	8,704,759
Non-current liabilities		
Trade and other payables	187,811	183,672
Contract liabilities	82,788	82,788
Employee benefits	3,117	2,691
Borrowings	4,470,685	3,955,643
Lease liabilities	112,733	112,976
Other financial liabilities	-	4,268
Deferred tax liabilities	492,190	491,206
	5,349,324	4,833,244
Current liabilities		
Trade and other payables	1,067,291	1,099,245
Contract liabilities	47,155	36,947
Provisions	318,417	318,121
Tax payable	79,185	92,413
Borrowings	2,615,547	2,360,674
Lease liabilities	27,244	29,336
Other financial liabilities	1,759	6,485
	4,156,598	3,943,221
TOTAL LIABILITIES	9,505,922	8,776,465
TOTAL EQUITY AND LIABILITIES	18,328,974	17,481,224
Net assets per share (RM)	3.02	3.02
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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2022

	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 2022	3,519,554	158,374	3,829,576	(113)	7,507,391	1,197,368	8,704,759
Profit for the period	-	-	288,886	-	288,886	59,692	348,578
Total other comprehensive expense for the period	-	(21,435)	-	-	(21,435)	2,778	(18,657)
Total comprehensive income for the period	-	(21,435)	288,886	-	267,451	62,470	329,921
Changes in ownership interest in subsidiaries	-	-	2,236	-	2,236	78,569	80,805
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(43,466)	(43,466)
At 30 June 2022	3,519,554	136,939	3,871,731	(113)	7,528,111	1,294,941	8,823,052
At 1 January 2021	3,519,554	157,756	3,807,131	(113)	7,484,328	1,173,265	8,657,593
Profit for the period	-	-	218,348	-	218,348	45,439	263,787
Total other comprehensive income for the period	-	9,330	-	-	9,330	2,281	11,611
Total comprehensive income for the period	-	9,330	218,348	-	227,678	47,720	275,398
Changes in ownership interest in subsidiaries	-	-	(283)	-	(283)	5,067	4,784
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(26,250)	(26,250)
At 30 June 2021	3,519,554	167,086	3,776,229	(113)	7,462,756	1,199,802	8,662,558

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 30 JUNE 2022

	Year-to-date ended	
	30.6.2022	**30.6.2021**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	498,113	373,848
Adjustments for:		
Non-cash items	76,940	125,535
Non-operating items	(17,663)	(12,877)
Dividend income	(4,405)	(21,319)
Net interest expense	77,637	90,358
Operating profit before working capital changes	630,622	555,545
Net changes in working capital	(735,130)	619,708
Net changes in loan receivables	266,108	(54,330)
Net tax paid	(203,606)	(207,137)
Net interest paid	(95,958)	(101,236)
Net changes in land held for property development	(28,790)	(66,251)
Net cash flows (used in)/generated from operating activities	(166,754)	746,299
Cash flows from investing activities		
Dividends received from associates and a joint venture	7,320	5,371
Dividends received from equity investments at fair value through profit or loss	-	1,347
Dividends received from money market deposits	4,030	17,918
Profit guarantee shortfall received from holding company	-	179,901
Decrease/(Increase) in money market deposits	527,248	(4,200)
Proceeds from issuance of shares to non-controlling interests	-	2,700
Proceeds from disposal of interest in subsidiary	128,348	2,084
Acquisition of shares from non-controlling interests	(47,543)	-
Proceeds from disposal of property, plant and equipment	6,006	1,303
Proceeds from disposal of equity investment at fair value through profit or loss	-	5,167
Purchase of property, plant and equipment	(171,568)	(140,792)
Additions to investment properties	(21,398)	(248,334)
Net cash flows generated from/(used in) investing activities	432,443	(177,535)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(295,132)	(275,217)
Net drawdown of borrowings	708,905	31,025
Payment of lease liabilities	(13,773)	(15,690)
Net cash flows generated from/(used in) financing activities	400,000	(259,882)
Net increase in cash and cash equivalents	665,689	308,882
Effects on exchange rate changes	(3,965)	10,925
Cash and cash equivalents at beginning of the period	1,225,957	960,872
Cash and cash equivalents at end of the period	1,887,681	1,280,679
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	1,342,839	876,673
Cash in hand and at bank	544,842	404,006
	1,887,681	1,280,679

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 cyclicality of operations**

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

(a) The performances of the Group’s Property Division and Building Materials Division were influenced by the slowdown in construction activities in the first quarter of the financial year attributable to the timing of seasonal festive period.

(b) The Group’s Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

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

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

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

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

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

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

As at 30 June 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**

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

	Year-to-date ended	
	30.6.2022	**30.6.2021**
	RM'000	RM'000
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
Dividend in respect of financial year ending 31 December 2022:		
- first interim (10 sen) under the single tier system approved by the Directors on 27 May 2022 and paid on 23 June 2022	248,967	-
	248,967	248,967

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7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter ended 30 June 2022									
Revenue									
External revenue	246,862	115,693	48,349	400,322	746,365	143,317	-	-	1,700,908
Inter-segment revenue	-	6,168	11,560	6,320	59,545	23,027	-	(106,620)	-
Total revenue	246,862	121,861	59,909	406,642	805,910	166,344	-	(106,620)	1,700,908
Operating profit	94,841	23,166	51,052	14,635	72,847	27,006	(1,842)	(13,988)	267,717
Finance costs									(45,241)
Share of results of associates and joint ventures									9,475
Profit before tax									231,951
Preceding year quarter ended 30 June 2021									
Revenue									
External revenue	181,071	196,061	59,445	263,683	433,699	128,490	-	-	1,262,449
Inter-segment revenue	-	5,663	14,434	1,152	25,341	3,734	-	(50,324)	-
Total revenue	181,071	201,724	73,879	264,835	459,040	132,224	-	(50,324)	1,262,449
Operating profit	63,381	79,911	51,279	(3,675)	22,486	10,036	3,270	(15,694)	210,994
Finance costs									(44,310)
Share of results of associates and joint ventures									5,506
Profit before tax									172,190

7. **Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 30 June 2022									
Revenue									
External revenue	489,015	241,185	94,801	765,241	1,497,618	258,436	-	-	3,346,296
Inter-segment revenue	-	11,733	26,725	12,739	93,819	44,362	-	(189,378)	-
Total revenue	489,015	252,918	121,526	777,980	1,591,437	302,798	-	(189,378)	3,346,296
Operating profit	220,437	81,953	100,276	25,567	147,600	47,620	(3,037)	(50,845)	569,571
Finance costs									(87,369)
Share of results of associates and joint ventures									15,911
Profit before tax									498,113
Segment assets	2,445,611	7,385,244	3,196,583	678,525	1,705,777	1,273,496	976,953	-	17,662,189
Segment liabilities	55,381	1,115,460	1,415,326	246,200	886,889	805,803	4,409,488	-	8,934,547
Year-to-date ended 30 June 2021									
Revenue									
External revenue	302,393	458,200	118,594	569,872	851,221	239,673	-	-	2,539,953
Inter-segment revenue	-	11,323	28,665	7,150	48,851	14,045	-	(110,034)	-
Total revenue	302,393	469,523	147,259	577,022	900,072	253,718	-	(110,034)	2,539,953
Operating profit	103,228	219,923	107,133	(1,151)	42,193	25,527	4,888	(43,814)	457,927
Finance costs									(96,255)
Share of results of associates and joint ventures									12,176
Profit before tax									373,848
Segment assets	2,258,550	6,345,342	3,188,878	773,365	1,188,529	1,116,361	1,774,714	-	16,645,739
Segment liabilities	67,561	1,186,104	1,918,503	251,655	634,547	672,032	3,339,012	-	8,069,414

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 19 August 2022 that has not been reflected in these interim financial statements is as follows:

On 5 July 2022, Hafary Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited, a 50.82%-owned listed subsidiary of the Company, incorporated a wholly-owned subsidiary namely, Hafary Flagship Store Pte Ltd [“Hafary Flagship”] in Singapore with an issued share capital of S$100.00 comprising 100 ordinary shares. Hafary Flagship will be principally involved in property investment holding company.

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

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 [“HPL”], 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) On 17 June 2022, HPL incorporated a wholly-owned subsidiary namely, Hafary Element Pte Ltd [“Hafary Element”] in Singapore with an issued share capital of S$100.00 comprising 100 ordinary shares. Hafary Element is principally involved in investment holding.

(e) On 17 June 2022, HPL incorporated a wholly-owned subsidiary namely, International Ceramic Manufacturing Hub Pte Ltd [“ICMHPL”] in Singapore with an issued share capital of S$100.00 comprising 100 ordinary shares. ICMHPL is principally involved in investment holding.

(f) On 20 June 2022, ICMHPL incorporated a wholly-owned subsidiary namely, International Ceramic Manufacturing Hub Sdn Bhd [“ICMHSB”] in Malaysia with an issued share capital of RM1.00 comprising 1 ordinary share. ICMHSB will be principally involved in manufacture and sale of porcelain and ceramic tiles.

(g) During the interim period, the Company disposed of 42,881,400 ordinary shares representing approximately 5.36% of equity interest in Hap Seng Plantations Holdings Berhad [“HSP”] via the open market, thereby reducing its shareholding in HSP from 74.89% to 69.53%. HSP is the Company’s subsidiary listed on Bursa Malaysia Securities Berhad.

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

10. **Significant events and transactions**

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 19 August 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 30.6.2022	**As at 31.12.2021**
	RM'000	RM'000
		(Audited)
Contracted but not provided for		
- property, plant and equipment	303,465	349,368
- investment properties	38,554	8,248
	342,019	357,616

13. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 25 May 2021 and 26 May 2022, except for the following:

On 27 May 2022 ["said date"], HSC Birmingham Holding Limited ["HSC Birmingham"], a wholly-owned subsidiary of the Company entered into a shares sale agreement with Lei Shing Hong Capital Limited ["LSHCL"], a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], pursuant to which HSC Birmingham had agreed to dispose 50,000,001 ordinary shares representing 100% of the issued and paid-up share capital of HS Credit (Birmingham) Ltd ["HCBL"] for a cash consideration of GBP127.80 million (translated to RM706.17 million based on the Bank Negara Malaysia's middle exchange rate as at 5.00 p.m. on 26 May 2022 of GBP1.00: RM5.5256) ["Sale Consideration" and "Proposed HCBL Disposal"].

The Proposed HCBL Disposal 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 52.92% shareholding in LSH comprising 38.74% shareholding held via Lead Star Business Limited and 14.18% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and a director of Gek Poh.

As at the said date, Gek Poh's aggregate shareholdings 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. Hence, Tan Sri Lau, Gek Poh and HSIS were deemed interested in the Proposed HCBL Disposal.

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, which held 14.18% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Proposed HCBL Disposal.

13. **Significant related party transactions (continued)**

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. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company and LSH, he was deemed interested in the Proposed HCBL Disposal.

The interested or deemed interested directors and shareholders had abstained from voting and that they had ensure that persons connected to them have abstained from voting in respect of their direct and/or indirect shareholdings on the resolution in relation to the Proposed HCBL Disposal during the extraordinary general meeting of the Company held on 28 July 2022 ["EGM"].

The Proposed HCBL Disposal was approved by the shareholders during the EGM and completed on 2 August 2022.

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Part B: Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities

1. **Review of performance**

The Group's revenue and operating profit for the current quarter at RM1.7 billion and RM267.7 million were 35% and 27% higher than the preceding year corresponding quarter of RM1.26 billion and RM211 million respectively with higher revenue and profit contribution from Plantation, Automotive, Trading and Building Materials Divisions. The Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM232 million and RM166.2 million were both 35% higher than the preceding year corresponding quarter of RM172.2 million and RM123.2 million respectively.

Plantation Division's revenue for the current quarter at RM246.9 million was 36% higher than the preceding year corresponding quarter of RM181.1 million mainly attributable to higher average selling prices realisation inspite of lower sales volume of all palm products. Average selling price per tonne of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] for the current quarter were significantly higher at RM6,737 and RM3,769 respectively as compared to the preceding year corresponding quarter of RM4,365 for CPO and RM2,709 for PK. Sales volume of CPO and PK for the current quarter were 32,044 tonnes and 6,847 tonnes respectively, 10% and 14% lower than the preceding year corresponding quarter mainly due to lower production. Production of CPO and PK for the current quarter were lower than the preceding year corresponding quarter by 16% and 14% respectively due to lower fresh fruit bunches ["FFB"] production and lower FFB purchased. FFB production in the current quarter was 13% below the preceding year corresponding quarter, affected by lower FFB yield due to seasonal yield trend and changes in cropping patterns. Operating profit for the current quarter at RM94.8 million was 50% higher than the preceding year corresponding quarter of RM63.4 million.

Property Division's revenue for the current quarter at RM121.9 million was 40% lower than the preceding year corresponding quarter of RM201.7 million mainly due to lower sales from property development projects and property sales. The property development segment continued to be affected by cautious consumers' sentiments and lack of government incentives to stimulate the residential property market, difficulties in obtaining adequate financing, rising interest rates and uncertainties in the general economic recovery. The investment property segment continued to generate stable rental revenue with improvement in occupancy and rental rates from its major investment properties in Kuala Lumpur City Centre, Kota Kinabalu and Labuan. Overall, the division's operating profit for the current quarter at RM23.2 million was 71% lower than the preceding year corresponding quarter of RM79.9 million.

Credit Financing Division's revenue for the current quarter at RM59.9 million was 19% lower than the preceding year corresponding quarter of RM73.9 million, affected by early redemption of loans resulting in reduction of the division's loan base. Total loan base at the end of the current quarter at RM3.03 billion was 21% below the preceding year corresponding quarter of RM3.81 billion. Non-performing loans ["NPL"] ratio at the end of the current quarter at 2.12% has improved from 2.48% as at the preceding year corresponding quarter. The division's operating profit for the current quarter at RM51.1 million was consistent with the preceding year corresponding quarter of RM51.3 million.

Automotive Division continued to achieve improved performance as compared to the preceding year corresponding quarter with higher revenue from both its passenger car and commercial vehicle segments. In the current quarter, the division's revenue at RM406.6 million was 54% higher than the preceding year corresponding quarter of RM264.8 million. The passenger car segment registered 54% higher revenue on the back of 51% increase in the number of cars sold, spurred by deliveries prior to the expiry of the sales tax exemption on 30 June 2022 and further boosted by backlog deliveries of stocks from the principal. The after sales and services segment registered 36% higher revenue with 29% increase in throughput. The commercial vehicle segment's revenue was 53% higher than the preceding year corresponding quarter mainly attributable to higher sales of Actros. Overall, the division registered an operating profit of RM14.6 million for the current quarter as compared to the preceding year corresponding quarter's operating loss of RM3.7 million.

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

Trading Division's revenue for the current quarter at RM805.9 million was 76% higher than the preceding year corresponding quarter of RM459 million with higher revenue from all its businesses. Fertilizers trading business' revenue for the current quarter at RM613.8 million was 76% higher than the preceding year corresponding quarter. Both its Malaysian and Indonesian markets continued to register higher sales attributable to higher average selling prices due to global supply disruptions caused by the geopolitical tension in Europe. The general trading and the ceramic tiles businesses registered revenue of RM125.2 million and RM66.9 million for the current quarter, which were 84% and 60% above the preceding year corresponding quarter respectively, benefitting from the increase in activities in the property development and construction sector as economic activities normalise to pre COVID-19 pandemic level. Consequently, the division's operating profit for the current quarter at RM72.8 million was significantly higher than the preceding year corresponding quarter of RM22.5 million.

Building Materials Division comprising the quarry, asphalt and bricks businesses and building materials trading by Hafary Holdings Limited ["Hafary"]. The division's revenue in the current quarter at RM166.3 million was 26% higher than the preceding year corresponding quarter of RM132.2 million with higher revenue contribution from both business segments. Revenue from quarry, asphalt and bricks businesses for the current quarter at RM39.5 million was 14% higher than the preceding year corresponding quarter attributable to higher sales of all products in tandem with the increase in activities in the construction sector. Hafary's revenue for the current quarter at RM126.8 million was 30% above the preceding year corresponding quarter with higher sales from both its project and general sectors in tandem with the increase in construction and renovation activities in Singapore. Overall, the division's operating profit for the current quarter at RM27 million more than doubled that of the preceding year corresponding quarter of RM10 million, also benefitted from higher operating margins in quarry, asphalt and bricks businesses and lower impairment loss on inventories in Hafary.

Group PBT and PAT for the year-to-date at RM498.1 million and RM348.6 million were higher than the preceding year corresponding period by 33% and 32% respectively. Consequently, profit attributable to owners of the Company for the year-to-date at RM288.9 million and basic earnings per share for the year-to-date at 11.60 sen were both 32% higher than the preceding year corresponding period.

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

	Current Quarter ended 30.6.2022 RM'000	**Immediate Preceding Quarter ended 31.3.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,700,908	1,645,388	*3%*
Operating profit	267,717	301,854	*(11%)*
Profit before tax	231,951	266,162	*(13%)*

Group PBT for the current quarter at RM232 million was 13% lower than the immediate preceding quarter of RM266.2 million mainly due to lower contribution from Plantation, Property and Trading Divisions mitigated by higher contribution from Credit Financing, Automotive and Building Materials Divisions.

Plantation Division's operating profit for the current quarter at RM94.8 million was 25% below the immediate preceding quarter of RM125.6 million inspite of higher revenue. The immediate preceding quarter's operating profit included an unrealised gain from disposal of land to Property Division of RM18.8 million and a gain from fair value of biological assets of RM8.7 million as compared to a loss of RM0.5 million in the current quarter. Revenue in the current quarter benefitted from higher average selling price per tonne of CPO but dampened by lower average selling price per tonne of PK and lower sales volume of both CPO and PK as compared to the immediate preceding quarter. Average selling price per tonne of CPO was 12% higher than the immediate preceding quarter of RM6,019 whilst average selling price per tonne of PK was 20% below the immediate preceding quarter of RM4,702. Sales volume of CPO and PK for the current quarter were 5% and 6% lower than the immediate preceding quarter of 33,607 tonnes and 7,319 tonnes respectively.

Property Division's operating profit for the current quarter at RM23.2 million was 61% lower than the immediate preceding quarter of RM58.8 million mainly attributable to lower sales of properties in the current quarter.

Trading Division's operating profit for the current quarter at RM72.8 million was 3% lower than the immediate preceding quarter of RM74.8 million mainly due to lower sales from its fertilizers trading in Indonesia due to tight global supply but mitigated by higher sales and profit contribution from its general trading and ceramic tiles businesses.

Credit Financing Division's operating profit for the current quarter at RM51.1 million was 4% higher than the immediate preceding quarter of RM49.2 million mainly attributable to higher contribution from its United Kingdom operations due to higher loan disbursements.

Automotive Division's operating profit for the current quarter at RM14.6 million was 34% higher than the immediate preceding quarter of RM10.9 million, benefitted from higher sales from its passenger car segment and better operating margins from its commercial vehicle segment.

Building Materials Division's operating profit for the current quarter at RM27 million was 31% higher than the immediate preceding quarter of RM20.6 million mainly contributed by higher sales from both Hafary's project and general sectors in tandem with the increase in construction and renovation activities in Singapore.

3. **Current year prospects**

Malaysia's economy continues to recover with the normalising of economic activities and reopening of international borders on 1 April 2022 as the country moved towards endemicity. The country's GDP grew 8.9% in the second quarter of 2022 and registered 6.9% growth in the first half of 2022. On 6 July 2022, the Monetary Policy Committee of Bank Negara Malaysia ["BNM"] raised the Overnight Policy Rate by another 25 basis points to 2.25%. BNM in its Monetary Policy Statement dated 6 July 2022, mentioned that: *"The reopening of the global economy and the improvement in labour market conditions continue to support the recovery of economic activity. However, these have been partly offset by the impact from rising cost pressures, the military conflict in Ukraine and strict containment measures in China. Inflationary pressures have continued to increase mainly due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions."* It further mentioned in the same statement that: "*However, downside risks to growth continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions."* According to BNM's governor in her press conference on 12 August 2022, *"Going forward, the Malaysian economy is projected to continue to recover in the second half of 2022, albeit at a more moderate pace amid global headwinds. However, given the strength in the first half of 2022 which grew by 6.9%, we expect growth for the year to be at the upper end of the range of 5.3% to 6.3%, even after taking into account the slower global growth."*

Malaysian palm oil inventories at the end of July 2022 increased by 7.7% month-on-month to 1.77 million tonnes, the highest in the last twelve months. Malaysia's crude palm oil production in July 2022 increased by 1.84% month-on-month to 1.57 million tonnes whilst palm oil exports were 10.72% higher month-on-month at 1.32 million tonnes. CPO prices have softened subsequent to the lifting of the CPO export ban by the Indonesian government on 23 May 2022. Monthly average price per tonne of CPO in July 2022 was RM4,063, the lowest to-date in 2022. In the first half of 2022, monthly average price per tonne of CPO ranged between RM5,354.50 and RM6,873. On 9 August 2022, the Indonesian government changed its palm oil export policy again with the lowering of its reference threshold price for CPO export tax to accelerate exports to reduce its CPO inventories. This is expected to affect Malaysia's CPO exports and prices in the short term until the situation in Indonesia normalises. CPO prices are expected to ease further in the second half of 2022 due to weaker growth in global demand and expectations of higher palm oil supplies. Palm oil industry analysts expect average CPO price for 2022 to remain in the range of RM4,500 to RM5,600, supported by the tight supply situation of other vegetable oils and the wide price gaps between CPO and these oils. The higher fertilizer costs and increase in the minimum wage to RM1,500 under the Malaysian Minimum Wage Order 2022 with effect from 1 May 2022 will continue to push production costs higher.

The Malaysian property market is expected to operate in a challenging business environment for the remainder of the year mainly affected by increase in interest rates and higher building materials costs caused by the global supply shortage and higher freight costs due to the prolonged Russia-Ukraine war. Consumers' sentiments are also expected to be affected by inflationary pressures, higher mortgage loan interest rates and the lack of government incentives to stimulate the residential property. Nevertheless, the Property Division will continue to put concerted efforts to drive property sales with innovative packages and sales promotion whilst monitoring the progress of its on-going projects to protect margins. The division expects its strategically located investment properties to continue 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 grow its loan base, benefitting from the reopening of global economy and recovery of economic activities in Malaysia. The division will focus on its pre-selected sectors of financing and existing quality customers to maintain a stable and quality loan portfolio. To mitigate market and credit risks and to minimise non-performing loans, the division will continue to be cautious in its loan approval process with emphasis on stringent credit risk assessment and constant review of its lending policies to cater to the changes in the financing landscape. Concerted efforts will also be 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 Division expects the second half of the year to benefit from the fulfilment of backlog orders arising from the sales tax exemption for cars booked before 30 June 2022 and registered before 31 March 2023 subject to the availability of stocks from its principal. The automotive industry continued to face challenges in the global supply chain affected by the sluggish recovery in the semiconductor industry, further exacerbated by the prolonged geopolitical tension in Europe affecting the supply and prices of vital raw materials, and rising freight costs. Nevertheless, the division will continue to focus on providing service excellence and strengthen its dealership network amidst the challenging and competitive business environment. Concerted efforts are continuously placed to increase efficiency of its after sales and services segment to improve profitability. The division's body and paint repair centre in Shah Alam commenced operations in the third quarter of 2021, the newly launched Setia Alam 3S Autohaus in the second quarter of 2022 and the upcoming Bukit Tinggi 3S Autohaus scheduled to be launched in the fourth quarter of 2022 are expected to further broaden the division's market coverage and enhance the division's sales.

The Trading Division expects the demand for fertilizers to soften in the second half of 2022 with plantations reducing fertilizing activities due to labour shortage and redeploying workers to focus on harvesting activities as the plantations enter the peak FFB production cycle. As a consequence, fertilizers prices are expected to ease although the supply of potash is still tight due to the prolonged Russia-Ukraine war. The general trading and ceramic tiles businesses are expected to benefit from the increase in property development and construction activities. Managing inventories and receivables to protect its profitability are ongoing focus by the division.

The Building Materials Division anticipates its quarry, asphalt and bricks businesses to operate in a challenging and competitive business environment. Nevertheless, with the increase in construction activities in major infrastructure projects, in particular the Pan Borneo Highway, the quarry, asphalt and bricks businesses are expected to perform favourably. In Singapore, the real estate and construction sectors continue to grow in the second quarter by 11.7% and 3.3% year-on-year respectively. Accordingly, Hafary is expected to benefit from the growth momentum in these sectors with increase in construction and renovation activities, whilst focusing on improving its profitability and enhancing its market leadership amid the challenging economic environment.

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.

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5. **Profit before tax**

	Quarter ended		Year-to-date ended	
	30.6.2022	**30.6.2021**	**30.6.2022**	**30.6.2021**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	5,598	2,870	9,732	5,897
Dividend income from equity investment at fair value through other comprehensive income	187	288	375	438
Dividend income from equity investment at fair value through profit or loss	-	2,963	-	2,963
Dividend income from money market deposits	1,794	9,422	4,030	17,918
Loss on equity investment at fair value through profit or loss	-	(905)	-	(2,537)
Gain/(Loss) on money market deposits at fair value	3,785	(142)	8,442	(452)
Interest expense	(45,241)	(44,310)	(87,369)	(96,255)
Depreciation and amortisation	(47,986)	(47,043)	(95,774)	(94,829)
Net reversal/(allowance) of impairment losses - trade receivables	2,090	(9,464)	(91)	(18,508)
Net reversal of inventories written down/ (Net inventories written down)	213	(8,244)	(3,006)	(10,796)
Gain on disposal of property, plant and equipment	1,616	658	1,752	701
Property, plant and equipment written off	(27)	(138)	(38)	(643)
Bad debts written off	(86)	(215)	(86)	(215)
Net foreign exchange gain	4,379	997	4,408	2,633
Gain/(Loss) on non-hedging derivative instruments	2,062	(2,767)	5,544	4,196
(Loss)/Gain from fair value adjustments of biological assets	(540)	(4,695)	8,144	1,792
Recovery of bad debts	59	44	217	188

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

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6. **Tax expense**

	Quarter ended		Year-to-date ended	
	30.6.2022	**30.6.2021**	**30.6.2022**	**30.6.2021**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	67,689	51,889	152,238	119,037
- deferred tax	(1,994)	(2,932)	(2,729)	(8,976)
	65,695	48,957	149,509	110,061
In respect of prior periods				
- income tax	26	-	26	-
	65,721	48,957	149,535	110,061

The Group's effective tax rate (excluding under provision of tax in respect of prior periods) for the current quarter and year-to-date were higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes and the provision of Cukai Makmur (Prosperity Tax) at 33% on chargeable income exceeding RM100 million for year of assessment 2022 only as provided in the Finance Act 2021, by certain subsidiaries in the Group.

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

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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**

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 19 August 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, to acquire 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. ["Platinum Park Land"] for a cash consideration of RM265,786,950 ["Platinum Park Acquisition Consideration"]. 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 ["Platinum Park Deposit"] was paid to Sovereign Towers ["Proposed Platinum Park Acquisition"]. Completion of the Proposed Platinum Park Acquisition was conditional upon the approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia ["EPU Approval"] to be obtained within 12 months from the date of the Platinum Park SPA which will expire on 22 December 2022 ["Platinum Park Conditional Period"].

The Platinum Park SPA shall become unconditional on the date EPU Approval is obtained ("Platinum Park Unconditional Date").

On 20 June 2022, Positive Sunland entered into a supplemental agreement with Sovereign Towers and Profound Reliance ["Platinum Park SA"] to vary the terms of the Platinum Park SPA as follows:

(i) At the request of Sovereign Towers, notwithstanding that the Platinum Park SPA has not become unconditional, Positive Sunland shall pay the Platinum Park Acquisition Consideration (after deducting the Platinum Park Deposit) in the manner set out below:

(a) firstly, Positive Sunland shall pay the redemption sum of the Platinum Park Land ["Platinum Park Redemption Sum"] within ten (10) business days from the date of Positive Sunland's solicitors' receipt of the redemption statement;

(b) within ten (10) business days from the date of Sovereign Towers's solicitors' written notice to Positive Sunland's solicitors of their receipt of the discharge documents which shall include the original title of Platinum Park Land [collectively, "Platinum Park Discharge Documents"], Positive Sunland shall pay a further 70% of the Platinum Park Acquisition Consideration ["Platinum Park 70% Payment"] in exchange for the delivery of the Platinum Park Discharge Documents together with an irrevocable power of attorney in respect of the Platinum Park Land ["Platinum Park PA"] to Positive Sunland's solicitors' to be held by them as stakeholders; and

(c) the balance of the Platinum Park Acquisition Consideration after deducting the Platinum Park Deposit, the Platinum Park Redemption Sum and the Platinum Park 70% Payment shall be paid within one (1) month from Platinum Park Unconditional Date.

(ii) In the event the EPU Approval could not be obtained for any reason whatsoever on expiry of the Platinum Park Conditional Period, Sovereign Towers shall refund to Positive Sunland all monies paid pursuant to the Platinum Park SPA and the Platinum Park SA, free of interest within 20 business days of termination of the Platinum Park SPA, in exchange for the return of all documents delivered to Positive Sunland pursuant to the Platinum Park SPA and the Platinum Park SA, including the Platinum Park Discharge Documents and the Platinum Park PA.

The Platinum Park Redemption Sum was paid on 23 August 2022.

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 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"]. Upon execution of the Met 3 SPA, 10% of the Met 3 Acquisition Consideration ["Met 3 Deposit"] was paid to TKLM ["Proposed Met 3 Acquisition"]. 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 ["Met 3 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 ("Met 3 Unconditional Date").

On 12 January 2022, Sierra Positive entered into a supplemental agreement with TKLM ["Met 3 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 ["Met 3 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 ["Met 3 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 Met 3 Redemption Sum and the Met 3 70% Payment shall be paid within 1 month from the Met 3 Unconditional Date.

(ii) In the event that the Authorities' Approvals could not be fulfilled for any reason whatsoever on the expiry of the Met 3 Conditional Period, TKLM shall refund to Sierra Positive all monies paid pursuant to the Met 3 SPA and the Met 3 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 Met 3 SA, including the Met 3 Discharge documents and the Met 3 PA.

The Met 3 Redemption Sum and the Met 3 70% Payment were paid on 13 January 2022 and 19 January 2022 respectively.

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

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 advances to the Group for general corporate purposes and working capital.

The Group's borrowings are as follows:

	As at 30.6.2022					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	Total RM'000
<u>Current</u>						
Secured						
- Term loans	-	-	33,992	-	-	33,992
- Revolving credits	-	-	86,859	-	-	86,859
	-	-	120,851	-	-	120,851
Unsecured						
- Term loans	119,151	105,687	18,951	-	-	243,789
- Revolving credits	603,500	394,565	-	-	26,682	1,024,747
- Trust receipts	-	293	44,734	42,656	-	87,683
- Bankers' acceptances	320,421	8,056	-	-	-	328,477
- Medium term notes	810,000	-	-	-	-	810,000
	1,853,072	508,601	63,685	42,656	26,682	2,494,696
Total current borrowings	1,853,072	508,601	184,536	42,656	26,682	2,615,547
<u>Non-current</u>						
Secured						
- Term loans	-	-	368,139	-	-	368,139
Unsecured						
- Term loans	442,783	572,910	56,853	-	-	1,072,546
- Medium term notes	3,030,000	-	-	-	-	3,030,000
	3,472,783	572,910	56,853	-	-	4,102,546
Total non-current borrowings	3,472,783	572,910	424,992	-	-	4,470,685
Total borrowings	5,325,855	1,081,511	609,528	42,656	26,682	7,086,232

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	USD	SGD	Euro	IDR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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.

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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 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, 20 to 23 December 2021, 18 April 2022, 20 May 2022, 24 June 2022 and 4 August 2022. The Consolidated RESB Suit has been fixed for continued hearing on 19 September 2022 and 25 to 27 October 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 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, 20 to 23 December 2021, 18 April 2022, 20 May 2022, 24 June 2022 and 4 August 2022. The Consolidated RESB Suit has been fixed for continued hearing on 19 September 2022 and 25 to 27 October 2022.

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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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 30 June 2022 are as follows:

	Contract/ Notional Value RM'000	Fair Value: Assets/ (Liabilities) RM'000	Gain/(loss) On Derivative Instruments RM'000	Gain/(loss) On Hedged Items RM'000	Net Gain/(loss) RM'000
Forward currency contracts of less than 1 year (USD/Euro/JPY)					
- Designated as hedging instruments*	75,894	2,328	3,006	(2,658)	348
- Not designated as hedging instruments	518,146	4,354	9,306	(3,762)	5,544
	594,040	6,682	12,312	(6,420)	5,892
Cross currency interest rate swaps on foreign currency borrowings of less than 2 years (USD)					
- Designated as hedging instruments*	937,705	39,858	42,858	(42,442)	416

* *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, HS Credit (Birmingham) Ltd and HS Credit (Manchester) Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 30 June 2022 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	2,169,460	13	2,169,473
(b)	To individuals	324,244	1,194	325,438
(c)	To companies within the listed issuer group	483,907	46,997	530,904
(d)	To related parties	-	-	-
		2,977,611	48,204	3,025,815

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

		As at 30.6.2022
		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	1,308,987
		1,308,987

(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	16,311
(c)	Loans reclassified as performing during the financial year	(8,831)
(d)	Amount recovered	(13,826)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 30.6.2022	63,999
(h)	Ratio of net loans in default to net loans	2.12%

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)
1st	Term Loan	420,000	419,793	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	201,183	208,385	Yes	376,040	No	116
3rd	Term Loan	81,295	81,228	Yes	300,000	No	27
4th	Term Loan	191,000	64,114	Yes	67,000	Yes*	60
5th	Term Loan	63,504	63,540	Yes	90,721	No	60

* *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**	
	30.6.2022	**30.6.2021**	**30.6.2022**	**30.6.2021**
Profit attributable to owners of the Company (RM'000)	132,583	97,516	288,886	218,348
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)	5.33	3.92	11.60	8.77

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

14. **Dividend**

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

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
25 August 2022