CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

	Quarter ended			Year ended		
	31.12.2022 RM'000	**31.12.2021** RM'000	***Increase/ (Decrease)***	**31.12.2022** RM'000	**31.12.2021** RM'000	***Increase/ (Decrease)***
Revenue	1,791,046	1,839,323	*(3%)*	7,110,496	6,012,754	*18%*
Operating expenses	(1,624,992)	(1,360,725)		(6,230,956)	(4,571,754)	
Other operating income	57,257	63,173		164,879	150,200	
Operating profit	223,311	541,771	*(59%)*	1,044,419	1,591,200	*(34%)*
Finance costs	(31,055)	(42,331)		(155,872)	(176,108)	
Other (loss)/gain items	(10,590)	6,105		414,509	9,097	
Share of results of associates and joint ventures	3,353	8,983		27,404	25,709	
Profit before tax	185,019	514,528	*(64%)*	1,330,460	1,449,898	*(8%)*
Tax expense	(62,623)	(178,940)		(267,577)	(444,554)	
Profit for the period	122,396	335,588	*(64%)*	1,062,883	1,005,344	*6%*
Profit attributable to:						
Owners of the Company	98,023	300,531	*(67%)*	950,655	900,433	*6%*
Non-controlling interests	24,373	35,057		112,228	104,911	
	122,396	335,588		1,062,883	1,005,344	
Earnings per share (sen)						
Basic	3.94	12.07	*(67%)*	38.18	36.17	*6%*
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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

	Quarter ended		Year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	122,396	335,588	1,062,883	1,005,344
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(27,996)	1,296	(34,455)	14,676
Share of foreign currency translation differences of associates and joint ventures	2,099	1,383	2,883	(4,341)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	(14,898)	(22)
Change in fair value of cash flow hedge	18,187	1,147	3,686	(6,891)
	(7,710)	3,826	(42,784)	3,422
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment upon transfer of properties to investment properties	14,497	-	14,497	-
Remeasurement gain on defined benefit liabilities	-	87	-	87
	14,497	87	14,497	87
Total other comprehensive income/(expense) for the period	6,787	3,913	(28,287)	3,509
Total comprehensive income for the period	129,183	339,501	1,034,596	1,008,853
Total comprehensive income attributable to:				
Owners of the Company	101,258	303,651	914,452	901,138
Non-controlling interests	27,925	35,850	120,144	107,715
	129,183	339,501	1,034,596	1,008,853

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 DECEMBER 2022

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,781,677	4,050,333
Investment properties	2,258,034	2,171,695
Investment in associates	488,213	477,634
Investment in joint ventures	9,295	8,652
Land held for property development	2,426,423	1,398,923
Intangible assets	37,834	37,936
Trade and other receivables	1,661,169	1,719,638
Other financial assets	48,118	17,995
Deferred tax assets	54,615	73,865
	11,765,378	9,956,671
Current assets		
Inventories	1,959,471	2,014,558
Property development costs	178,691	325,534
Biological assets	28,508	57,721
Trade and other receivables	1,710,189	1,949,777
Contract assets	22,420	26,814
Tax recoverable	126,861	56,274
Other financial assets	10,681	189
Money market deposits	1,424,083	1,867,729
Cash and bank balances	1,431,997	1,225,957
	6,892,901	7,524,553
TOTAL ASSETS	18,658,279	17,481,224

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

	As at 31.12.2022 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	4,157,737	3,987,950
	7,677,291	7,507,504
Less: Treasury shares	(113)	(113)
	7,677,178	7,507,391
Non-controlling interests	1,320,562	1,197,368
TOTAL EQUITY	8,997,740	8,704,759
Non-current liabilities		
Trade and other payables	194,037	183,672
Contract liabilities	55,323	82,788
Employee benefits	3,122	2,691
Borrowings	4,547,235	3,955,643
Lease liabilities	114,671	112,976
Other financial liabilities	-	4,268
Deferred tax liabilities	490,184	491,206
	5,404,572	4,833,244
Current liabilities		
Trade and other payables	1,251,491	1,099,245
Contract liabilities	71,092	36,947
Provisions	318,166	318,121
Tax payable	49,220	92,413
Borrowings	2,521,765	2,360,674
Lease liabilities	25,145	29,336
Other financial liabilities	19,088	6,485
	4,255,967	3,943,221
TOTAL LIABILITIES	9,660,539	8,776,465
TOTAL EQUITY AND LIABILITIES	18,658,279	17,481,224
Net assets per share (RM)	3.08	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 ENDED 31 DECEMBER 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	-	-	950,655	-	950,655	112,228	1,062,883
Total other comprehensive expense for the period	-	(36,203)	-	-	(36,203)	7,916	(28,287)
Total comprehensive income for the period	-	(36,203)	950,655	-	914,452	120,144	1,034,596
Changes in ownership interest in subsidiaries	-	-	2,236	-	2,236	78,569	80,805
Dividends	-	-	(746,901)	-	(746,901)	-	(746,901)
Dividends paid to non-controlling interests	-	-	-	-	-	(75,519)	(75,519)
At 31 December 2022	3,519,554	122,171	4,035,566	(113)	7,677,178	1,320,562	8,997,740
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	-	-	900,433	-	900,433	104,911	1,005,344
Total other comprehensive income for the period	-	618	87	-	705	2,804	3,509
Total comprehensive income for the period	-	618	900,520	-	901,138	107,715	1,008,853
Changes in ownership interest in subsidiaries	-	-	(6,691)	-	(6,691)	(31,950)	(38,641)
Dividends	-	-	(871,384)	-	(871,384)	-	(871,384)
Dividends paid to non-controlling interests	-	-	-	-	-	(51,662)	(51,662)
At 31 December 2021 *(Audited)*	3,519,554	158,374	3,829,576	(113)	7,507,391	1,197,368	8,704,759

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 ENDED 31 DECEMBER 2022

	Year ended 31.12.2022 RM'000	Year ended 31.12.2021 RM'000
Cash flows from operating activities		
Profit before tax	1,330,460	1,449,898
Adjustments for:		
Non-cash items	247,438	265,715
Non-operating items	(457,893)	(30,216)
Dividend income	(3,364)	(43,898)
Net interest expense	124,519	160,106
Operating profit before working capital changes	1,241,160	1,801,605
Net changes in working capital	216,418	500,139
Net changes in loan receivables	295,418	293,939
Net tax paid	(362,697)	(476,072)
Net interest paid	(206,306)	(178,358)
Net changes in land held for property development	(1,268,527)	(92,716)
Net cash flows (used in)/generated from operating activities	(84,534)	1,848,537
Cash flows from investing activities		
Dividends received from associates and a joint venture	8,475	11,871
Dividends received from equity investments at fair value through other comprehensive income	1,350	-
Dividends received from equity investments at fair value through profit or loss	-	1,347
Dividends received from money market deposits	2,614	40,122
Profit guarantee shortfall received from holding company	-	179,901
Decrease in money market deposits	473,840	155,784
Acquisition of shares from non-controlling interests	(47,543)	(269,800)
Investment in associate	-	(600)
Disposal of subsidiary net of cash disposed	627,442	-
Proceeds from issuance of shares to non-controlling interests	-	229,075
Proceeds from disposal of warrants in an associate	-	2,992
Proceeds from disposal of interest in subsidiary	128,348	2,084
Proceeds from disposal of property, plant and equipment	15,356	5,106
Proceeds from disposal of equity investment at fair value through profit or loss	722	71,429
Purchase of property, plant and equipment	(634,366)	(580,104)
Additions to investment properties	(97,197)	(288,579)
Net cash flows generated from/(used in) investing activities	479,041	(439,372)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(825,119)	(920,347)
Net drawdown/(repayment) of borrowings	679,791	(200,883)
Payment of lease liabilities	(27,633)	(31,008)
Net cash flows used in financing activities	(172,961)	(1,152,238)
Net increase in cash and cash equivalents	221,546	256,927
Effects on exchange rate changes	(15,506)	8,158
Cash and cash equivalents at beginning of the period	1,225,957	960,872
Cash and cash equivalents at end of the period	1,431,997	1,225,957
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	991,611	891,861
Cash in hand and at bank	440,386	334,096
	1,431,997	1,225,957

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 financial year.

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

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

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

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

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

	Year ended	
	31.12.2022	**31.12.2021**
	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
- second interim (25 sen) under the single tier system approved by the Directors on 25 November 2021 and paid on 22 December 2021	-	622,417
Dividend in respect of financial year ended 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	-
- second interim (20 sen) under the single tier system approved by the Directors on 24 November 2022 and paid on 21 December 2022	497,934	-
	746,901	871,384

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

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 31 December 2022									
Revenue									
External revenue	143,552	117,841	50,774	496,692	796,357	185,830	-	-	1,791,046
Inter-segment revenue	-	6,243	12,058	3,598	42,972	25,022	-	(89,893)	-
Total revenue	143,552	124,084	62,832	500,290	839,329	210,852	-	(89,893)	1,791,046
Operating profit	28,510	52,178	42,837	18,948	52,857	38,835	13,548	(24,402)	223,311
Finance costs									(31,055)
Other loss items									(10,590)
Share of results of associates and joint ventures									3,353
Profit before tax									185,019
Preceding year quarter ended 31 December 2021									
Revenue									
External revenue	194,828	496,525	54,670	355,505	604,666	133,129	-	-	1,839,323
Inter-segment revenue	-	5,611	15,209	9,046	31,474	23,302	-	(84,642)	-
Total revenue	194,828	502,136	69,879	364,551	636,140	156,431	-	(84,642)	1,839,323
Operating profit	118,734	323,907	51,406	7,669	30,205	11,104	556	(1,810)	541,771
Finance costs									(42,331)
Other gain item									6,105
Share of results of associates and joint ventures									8,983
Profit before tax									514,528

7. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 December 2022									
Revenue									
External revenue	814,554	499,579	191,137	1,723,727	3,271,122	610,377	-	-	7,110,496
Inter-segment revenue	-	24,356	50,564	24,931	192,679	95,603	-	(388,133)	-
Total revenue	814,554	523,935	241,701	1,748,658	3,463,801	705,980	-	(388,133)	7,110,496
Operating profit	266,949	163,851	194,539	66,939	297,020	131,720	13,012	(89,611)	1,044,419
Finance costs									(155,872)
Other gain/ loss items									414,509
Share of results of associates and joint ventures									27,404
Profit before tax									1,330,460
Segment assets	2,401,576	7,812,032	2,477,628	748,888	1,599,729	1,641,016	1,298,426	-	17,979,295
Segment liabilities	64,976	1,223,978	971,742	288,986	803,920	1,092,666	4,674,867	-	9,121,135
Year ended 31 December 2021 *(Audited)*									
Revenue									
External revenue	670,851	1,515,939	229,619	1,187,149	1,919,342	489,854	-	-	6,012,754
Inter-segment revenue	-	22,573	58,483	18,849	108,507	53,333	-	(261,745)	-
Total revenue	670,851	1,538,512	288,102	1,205,998	2,027,849	543,187	-	(261,745)	6,012,754
Operating profit	292,582	986,201	211,189	7,973	97,176	57,276	7,728	(68,925)	1,591,200
Finance costs									(176,108)
Other gain item									9,097
Share of results of associates and joint ventures									25,709
Profit before tax									1,449,898
Segment assets	2,384,460	6,579,080	2,734,311	664,107	1,575,771	1,199,022	1,728,048	-	16,864,799
Segment liabilities	60,517	1,227,303	1,540,222	257,905	944,065	764,474	3,398,360	-	8,192,846

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

Save for the subsequent events disclosed in Note 10 of Part B, event after the end of the financial year and up to 17 February 2023 that has not been reflected in these interim financial statements is as follows:

On 8 February 2023, the dissolution of Kao Fu Bricks Sdn Bhd [“KFB”], a wholly-owned subsidiary of the Company was completed. KFB was incorporated on 15 November 1990 and was principally involved in manufacture and trading of bricks. KFB had ceased operation since year 2013.

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

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

(a) On 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.

    On 13 September 2022, Hafary Element allotted 8,571 and 1,429 ordinary shares at an issued price of S$1.00 per share to HPL and Guangdong ITA Element Building Material Co., Limited respectively. With the aforesaid allotment, Hafary Element became an 85.71%-owned subsidiary of Hafary.

(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.

    On 13 September 2022, Hafary Element acquired 100 ordinary shares representing 100% of the issued share capital of ICMHPL from HPL, for a cash consideration of S$100.00. Subsequently, ICMHPL allotted 69,900 and 30,000 ordinary shares at an issued price of S$1.00 per share to Hafary Element and CNA Pte Ltd respectively. With the aforesaid allotment, ICMHPL became a 70%-owned subsidiary of Hafary.

(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 is principally involved in manufacture and sale of porcelain and ceramic tiles.

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

(g) On 5 July 2022, HPL 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 is principally involved in property investment holding.

(h) On 26 December 2022, the dissolution of *PT MML Ceramic Indonesia [“PT MML”] was completed. PT MML was incorporated in Indonesia on 27 January 2015 as a private limited company and was principally involved in trading and distribution of porcelain and ceramic tiles in Indonesia. PT MML had ceased operation since 1 May 2020.

(i) 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 17 February 2023.

11. **Changes in contingent liabilities or contingent assets since the end of the last annual reporting period**

Since the end of the last annual reporting period, the Group does not have any contingent liability or contingent asset as at the end of the financial year which is expected to have an operational or financial impact on the Group.

12. **Capital commitments**

The Group has the following capital commitments:

	As at 31.12.2022 RM’000	**As at 31.12.2021** RM’000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	461,367	349,368
- investment properties	790,928	8,248
	1,252,295	357,616

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

13. **Significant related party transactions**

During the financial year, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 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.

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 ensured 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.

(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 and operating profit for the current quarter at RM1.79 billion and RM223.3 million were 3% and 59% lower than the preceding year corresponding quarter of RM1.84 billion and RM541.8 million respectively mainly due to lower contribution from Plantation, Property and Credit Financing Divisions, mitigated by higher contribution from Automotive, Trading and Building Materials Divisions. Overall, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM185 million and RM122.4 million were both lower than the preceding year corresponding quarter by 64% affected mainly by the lower contribution from Plantation and Property Divisions.

Plantation Division's revenue for the current quarter at RM143.6 million was 26% lower than the preceding year corresponding quarter of RM194.8 million mainly due to lower average selling price of all palm products and lower sales volume of Crude Palm Oil ["CPO"]. Operating profit for the current quarter at RM28.5 million was lower than the preceding year corresponding quarter by 76% as a consequence of the lower revenue, higher production costs and loss from fair value adjustments of biological assets of RM13.2 million as compared to a gain of RM19.5 million in the preceding year corresponding quarter. Production costs were mainly affected by higher fertilizer and diesel costs as well as increase in minimum wage. Average selling price per tonne of CPO and Palm Kernel ["PK"] for the current quarter were lower at RM4,019 and RM2,245 respectively as compared to the preceding year corresponding quarter of RM5,103 and RM3,762. CPO sales volume for the current quarter at 30,066 tonnes was 3% lower than the preceding year corresponding quarter mainly due to timing of deliveries whilst PK sales volume was 3% higher at 8,708 tonnes mainly attributable to higher PK production. Production of CPO and PK in the current quarter were higher by 11% and 4% respectively as compared to the preceding year corresponding quarter attributable to higher fresh fruit bunches ["FFB"] production as well as higher volume of FFB purchased. Current quarter's FFB production was 7% higher than the preceding year corresponding quarter with improvement in FFB yield.

Property Division's revenue for the current quarter at RM124.1 million was 75% below the preceding year corresponding quarter of RM502.1 million whilst operating profit was RM52.2 million, 84% lower than the preceding year corresponding quarter of RM323.9 million. In the preceding corresponding quarter, land sales contributed RM372.4 million to the division's revenue, whereas there was no such land sale in the current quarter. The property development segment's revenue was 10% lower than the preceding year corresponding quarter mainly due to lower units of completed project stocks sold in East Malaysia. The investment properties segment continues to register stable occupancy rates and rental yield from its major investment properties in Kuala Lumpur City Centre, Kota Kinabalu and Labuan and recorded a 9% growth in rental revenue. The division's hospitality segment has commenced operations in October 2022 with the opening of its first 5-star hotel, Hyatt Centric in Kota Kinabalu.

Credit Financing Division's performance was affected by the lower loan base due to early redemption of loans and lower loan disbursements as the division continues to exercise prudent lending in view of the uncertainties in the domestic financing landscape against a backdrop of higher interest rate. Loan base at the end of the year was RM2.85 billion as compared to the preceding year of RM3.54 billion. Non-performing loans ratio was higher at 2.10% at the end of the year as compared to 1.99% at the end of the preceding year. Overall, revenue for the current quarter at RM62.8 million was 10% lower than the preceding year corresponding quarter of RM69.9 million whilst operating profit for the current quarter at RM42.8 million was 17% below the preceding year corresponding quarter of RM51.4 million.

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

Automotive Division's revenue for the current quarter at RM500.3 million was 37% higher than the preceding year corresponding quarter of RM364.6 million mainly attributable to higher revenue from the passenger car segment but reduced by lower revenue from the commercial vehicle segment. The passenger car segment registered 52% increase in revenue on the back of 36% increase in number of cars sold whilst its after sales and services segment registered a 3% decrease in throughput. Generally, passenger car sales benefitted from the backlog deliveries of stocks from its principal which enabled it to fulfil some of the orders received prior to the expiry of the sales tax exemption on 30 June 2022 for cars which are to be registered by 31 March 2023. The after sales and services segment registered 9% higher revenue inspite of the lower throughput mainly attributable to the increase in service rates and sales mix. The commercial vehicle segment's revenue was 10% below the preceding year corresponding quarter mainly due to lower volume of vehicles sold. Overall, the division's operating profit for the current quarter was RM18.9 million, more than double that of the preceding year corresponding quarter of RM7.7 million.

Trading Division's revenue for the current quarter at RM839.3 million was 32% higher than the preceding year corresponding quarter of RM636.1 million with higher revenue from all its businesses. Fertilizers prices remained elevated as global supply of fertilizers, particularly potash and phosphates, continued to be tight due to the pro-longed geopolitical tension in Europe affecting global potash supply and export restrictions on phosphates imposed by China. Consequently, revenue from fertilizers trading business at RM637.7 million was 36% higher than the preceding year corresponding quarter, benefited from higher average selling prices inspite of lower sales volume. The general trading and the ceramic tiles businesses registered higher revenue of RM124.8 million and RM76.8 million, 24% and 17% above the preceding year corresponding quarter respectively in tandem with the increase in activities in the property development and construction sectors which continue to normalise to the pre COVID-19 pandemic level. Overall, the division's operating profit for the current quarter at RM52.9 million was 75% above the preceding year corresponding quarter of RM30.2 million.

Building Materials Division comprises the quarry, asphalt and bricks businesses, and the building materials trading business by Hafary Holdings Limited ["Hafary"]. The division's revenue for the current quarter at RM210.9 million was 35% higher than the preceding year corresponding quarter of RM156.4 million, benefitted mainly from the higher contribution from Hafary. Hafary registered a growth of 53% in revenue at RM168.4 million in tandem with the increase in construction and renovation activities in Singapore. Consequently, the division's operating profit for the current quarter was RM38.8 million, more than tripled that of the preceding year corresponding quarter of RM11.1 million.

Overall, Group PBT for the year at RM1.33 billion was lower than the preceding year by 8% whilst PAT at RM1.06 billion was 6% higher than the preceding year mainly due to lower tax expense attributable to capital gain not subjected to tax. Profit attributable to owners of the Company for the year at RM950.7 million and basic earnings per share for the year at 38.18 sen were both 6% higher than the preceding year.

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

	Current Quarter ended 31.12.2022 RM'000	**Immediate Preceding Quarter ended 30.9.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,791,046	1,973,154	*(9%)*
Operating profit	223,311	251,537	*(11%)*
Profit before tax	185,019	647,328	*(71%)*

Group PBT for the current quarter at RM185 million was 71% lower than the immediate preceding quarter of RM647.3 million. The immediate preceding quarter's Group PBT included the gain of RM425.1 million from the disposal of HCBL as disclosed in Note 13 of Part A. Excluding the gain, Group PBT for the current quarter was 17% lower than the immediate preceding quarter of RM222.2 million, mainly due to lower contribution from the Credit Financing and Trading Divisions as well as impairment loss on investment in associates as disclosed in Note 5 below mitigated by better performance of the Plantation and Property Divisions.

Credit Financing Division's operating profit for the current quarter at RM42.8 million was lower than the immediate preceding quarter of RM51.4 million by 17% mainly due to lower loan base.

Trading Division's operating profit for the current quarter at RM52.9 million was 45% lower than the immediate preceding quarter of RM96.6 million mainly attributable to lower contribution from all its businesses in particular the fertilizers trading business due to the easing of fertilizer prices and lower sales volume.

Plantation Division's operating profit for the current quarter at RM28.5 million was 58% above the immediate preceding quarter of RM18 million inspite of lower revenue, mainly attributable to lower operating expenses in the current quarter and lower loss from fair value of biological assets of RM13.2 million as compared to RM24.2 million in the immediate preceding quarter. Revenue in the current quarter was 21% lower than the immediate preceding quarter mainly affected by lower average selling price of all palm products. Average selling price per tonne of CPO and PK were 23% and 12% lower than the immediate preceding quarter of RM5,219 and RM2,543 respectively.

Property Division's operating profit for the current quarter at RM52.2 million was 76% above the immediate preceding quarter of RM29.7 million with higher contribution from its property development segment but reduced by the loss from fair value adjustments of its investment properties.

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

3. **Current year prospects**

Bank Negara Malaysia in its press release on the Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022 dated 10 February 2023 mentioned that: “For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The services and manufacturing sectors will also continue to support growth. Meanwhile, the slowdown in exports following weaker global demand would be partially cushioned by higher tourism activity. The balance of risks remains tilted to the downside, mainly from weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions.”

Malaysia’s CPO production in January 2023 was 14.7% lower month-on-month at 1.38 million tonnes, the lowest in nearly a year whilst palm oil exports plummeted by 23% to 1.14 million tonnes affected by lower shipments to China and India. At the end of January 2023, Malaysia’s palm oil inventories increased by 3.3% month-on-month to 2.27 tonnes. With the seasonal low FFB production expected in the first quarter of 2023 and pent-up demand for the forthcoming Ramadan month, Malaysia’s palm oil inventories are expected to decline by the end of the first quarter 2023. Average CPO price per tonne in January 2023 was RM3,922. In the first ten days of February 2023, daily prices of CPO ranged between RM3,691 to RM3,886 per tonne. Plantation industry analysts expect CPO prices in the first quarter of 2023 to range between RM3,500 to RM4,500 per tonne. CPO prices in the near term are expected to be influenced by concerns of global supply risks of vegetable oils with the seasonal lower CPO production in first quarter 2023, lower soybeans production due to the ongoing drought in Argentina, lower sunflower seed oil production affected by the ongoing Russian-Ukraine war, the tightening of palm oil export policy by Indonesia with effect from 1 January and Indonesia raising its biodiesel mandate from B30 to B35 with effect from 1 February 2023. Production costs are expected to continue to be affected by high fertilizer prices and the increase of minimum wage to RM1,500 under the Malaysian Minimum Wage Order 2022 with effect from 1 May 2022 and other inflationary pressures. The Plantation Division expects its performance to be influenced by movements in commodities prices, rising production costs and uncertainties in the global economies. Nevertheless, to mitigate this, the division will continue to put concerted efforts to improve FFB yield, oil extraction rates and overall cost efficiencies.

The Malaysian property market is expected to remain challenging in 2023 amid concerns of inflationary pressures, elevated building materials cost, labour shortage, higher interest rates and generally cautious consumers’ sentiments arising from uncertainties in the domestic and global economies. Nevertheless, the Group’s Property Division will continue to focus on its sales and marketing activities with innovative packages and sales promotion to drive property sales. 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 to optimise the occupancy rates and rental yield. With the re-opening of borders and lifting of travel restriction globally, the division’s hospitality segment is poised to benefit from the growth in the tourism sector.

The Credit Financing Division expects businesses in Malaysia and United Kingdom to remain challenging in view of higher interest rates and uncertainties in the domestic and global economies. The division will be vigilant to changes in the economic and financing landscapes surrounding its business. It will constantly review its lending policies to manage operational risks, focusing on loan collections and minimising non-performing loans whilst being cautious in its loan approval process.

The Malaysian Automotive Association [“MAA”] forecasts a decline in total industry volume [“TIV”] by 9.8% in 2023, from 720,658 units in 2022 to 650,000 units in 2023. TIV in 2022 was mainly boosted by the pent-up demand for new cars after the easing of COVID-19 containment measures and normalisation of economic activities as well the sales tax exemption for new cars with confirmed booking before 30 June 2022 and to be registered before 31 March 2023. Whilst the global supply chain disruptions affecting the automotive industry have eased, the automotive industry will continue to be vulnerable to the uncertainties in the geopolitical situation in Europe affecting the supply and prices of vital raw materials and freight costs. Notwithstanding this, the Automotive Division’s strong order books are expected to contribute favourably to the division’s performance, subject to the availability of stocks. The division’s body and paint repair centre in Shah Alam and new autohauses in Setia Alam and Bukit Tinggi are expected to further broaden the division’s market coverage. The division will continue to focus on strengthening its dealerships and increase efficiency of its after sales and services segment to further improve profitability.

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

The Trading Division expects its fertilizers trading business in all geographical markets to operate in a challenging and competitive business environment amid the uncertainties in the global fertilizers supply situation and fluctuations in exchange rates vis-à-vis the US Dollar. Demand for fertilizers is expected to increase as prices have eased from its peak. The general trading business is expected to benefit from the increase in activities in the construction sector. The division will continue to focus on managing inventories and receivables to protect its profitability and mitigate operational risks amid inflationary pressures.

The Building Materials Division expects its quarry, asphalt and bricks businesses to continue to benefit from the ongoing major projects in East Malaysia and Brunei. Hafary expects the momentum of the renovation activities to continue from the spill-over effect from 2022's growth in Singapore's real estate and construction sectors.

Based on the foregoing and despite the challenging business environment and uncertainties in the domestic and global economies, the Board is cautiously optimistic of achieving satisfactory results for the financial year ending 31 December 2023.

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 ended	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	11,782	6,490	31,353	16,002
Dividend income from equity investment at fair value through other comprehensive income	188	188	750	813
Dividend income from equity investment at fair value through profit or loss	-	-	-	2,963
Dividend income from money market deposits	759	12,082	2,614	40,122
Net gain/(loss) on equity investment at fair value through profit or loss	706	(222)	706	(647)
Net gain/(loss) on money market deposits at fair value	11,504	(636)	30,194	(535)
Interest expense	(31,055)	(42,331)	(155,872)	(176,108)
Depreciation and amortisation	(51,092)	(46,230)	(195,324)	(189,471)
Net allowance of impairment losses				
- trade receivables	(8,831)	(8,573)	(5,284)	(33,473)
Net inventories written down	(13,002)	(25,205)	(11,016)	(36,913)
Gain on disposal of property, plant and equipment	1,089	598	5,390	1,490
Impairment loss on property, plant and equipment	(4,619)	(2,567)	(4,619)	(2,567)
Property, plant and equipment written off	(3,568)	(259)	(3,700)	(1,034)
Biological asset written off	-	-	-	(71)
Investment properties written off	(1)	(1,526)	(18)	(1,544)
Bad debts written off	(4)	(58)	(90)	(142)
Net foreign exchange gain/(loss)	13,210	(529)	22,111	1,741
Net (loss)/gain on non-hedging derivative instruments	(7,395)	3,116	(3,403)	887
Loss from fair value adjustments of investment properties	(13,929)	(37,270)	(13,929)	(37,270)
Net (loss)/gain from fair value adjustments of biological assets	(13,162)	19,469	(29,213)	23,832
Recovery of bad debts	188	69	516	419
Other gain/(loss) items				
- Gain on disposal of a subsidiary	-	-	425,099	-
- Gain on disposal of warrants in an associate	-	-	-	2,992
- (Impairment loss)/Reversal of impairment loss on investment in associates	(10,590)	6,105	(10,590)	6,105
	(10,590)	6,105	414,509	9,097

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

6. **Tax expense**

	Quarter ended		Year ended	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	55,793	136,005	253,060	411,187
- deferred tax	8,975	52,225	16,207	38,510
	64,768	188,230	269,267	449,697
In respect of prior periods				
- income tax	(2,335)	(7,014)	(2,575)	(2,983)
- deferred tax	190	(2,276)	885	(2,160)
	(2,145)	(9,290)	(1,690)	(5,143)
	62,623	178,940	267,577	444,554

The Group's effective tax rate for the current quarter (excluding tax in respect of prior periods) was higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes, deferred tax assets not recognised on business losses in certain subsidiaries 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. The effective tax rate (excluding tax in respect of prior periods) for the year was lower than the statutory tax rate mainly due to capital gain not subjected to tax.

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

(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**

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 17 February 2023:

(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)**

(a) (continued)

On 9 December 2022, Positive Sunland entered into a supplemental agreement with Sovereign Towers and Profound Reliance pursuant to which the parties had mutually agreed to extend the Platinum Park Conditional Period by a further period of three (3) months from 23 December 2022 which shall expire on 22 March 2023.

(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.

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)

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

On 30 August 2022, Sierra Positive entered into a supplemental agreement with TKLM ["Met 3 Second SA"] pursuant to which TKLM has agreed to deliver the Met 3 Land title with freehold status on completion of the Proposed Met 3 Acquisition and in consideration thereof, Sierra Positive shall pay to TKLM the sum of RM65,000,000 ["Met 3 Conversion Sum"] in addition to the Met 3 Acquisition Consideration in the following manner:-

(a) upon the execution of the Met 3 Second SA, Sierra Positive shall pay to TKLM 15% of the Met 3 Conversion Sum amounting to RM9,750,000 ["Met 3 Conversion Deposit"]; and

(b) within 30 days thereof, Sierra Positive shall pay to TKLM, the balance 85% of the Met 3 Conversion Sum amounting to RM55,250,000 ["Met 3 Balance Conversion Sum"].

Accordingly, the Met 3 Acquisition Consideration has increased from RM868,676,627 to RM933,676,627 which revised consideration was arrived after taking into consideration valuation report dated 30 August 2022 of Met 3 Land by IM Global Property Consultants Sdn Bhd on the assumption that the Met 3 Land title is freehold in nature. The Met 3 Conversion Deposit and the Met 3 Balance Conversion Sum were paid on 30 August 2022 and 26 September 2022 respectively.

On 9 December 2022, Sierra Positive entered into a supplemental agreement with TKLM to inter alia extend the Met 3 Conditional Period by a further period of three (3) months from 3 January 2023 which shall expire on 2 April 2023.

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

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

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

On 2 August 2022, HSC Birmingham Holding Limited, a wholly-owned subsidiary of the Company completed the disposal of its 100% equity interest in HS Credit (Birmingham) Ltd to Lei Shing Hong Capital Limited ["HCBL Disposal"]. The status of the utilisation of proceeds from HCBL Disposal is as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	**Adjusted RM'000	As at 31 December 2022 Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	%	Explanation
Repayment of borrowings	560,000	560,000	400,000	160,000	Within 24 months from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed
Working capital requirements: Purchase of inventories								
(a) fertilizers	70,000	70,000	34,100	35,900		-	-	
(b) automobiles	50,000	50,000	50,000	-		-	-	
(c) building materials such as steel bars and cement	25,022	12,829	-	# 12,866		-	-	
	145,022	132,829	84,100	48,766		-	-	
Estimated expenses	1,150	1,150	1,113	-	Within 1 month from completion	37	3	Under spent has increased the balance unutilised for working capital requirement under item (c) #
	706,172	693,979	485,213	208,766		37		

* *Circular to Shareholders dated 5 July 2022.*

** *The proposed utilisation was adjusted to reflect the actual proceeds in RM based on the actual foreign exchange rate at completion date. This resulted in reduction proceeds of RM12.193 million which was deducted from the proposed utilisation for working capital requirement of item (c).*

9. Borrowings and debt securities

On 30 July 2018, Hap Seng Management Sdn Bhd ["HSM"], a wholly-owned subsidiary of the Company lodged with the Securities Commission Malaysia ["SC"] 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.

On 30 September 2022, HSM has upsized the existing MTN Programme to RM10.0 billion in nominal value and extended its tenure to perpetual. The Programmes shall have a new combined limit of up to RM10.0 billion in nominal value.

The Group's borrowings are as follows:

	As at 31.12.2022 *(Unaudited)*					
	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	-	-	35,643	-	-	35,643
- Revolving credits	-	-	124,716	-	-	124,716
	-	-	160,359	-	-	160,359
Unsecured						
- Term loans	278,122	122,607	19,692	-	-	420,421
- Revolving credits	239,500	309,250	-	-	11,605	560,355
- Trust receipts	-	-	47,563	41,937	-	89,500
- Bankers' acceptances	252,373	13,757	-	-	-	266,130
- Medium term notes	1,025,000	-	-	-	-	1,025,000
	1,794,995	445,614	67,255	41,937	11,605	2,361,406
Total current borrowings	1,794,995	445,614	227,614	41,937	11,605	2,521,765
<u>Non-current</u>						
Secured						
- Term loans	-	-	567,838	-	-	567,838
Unsecured						
- Term loans	252,945	557,222	49,230	-	-	859,397
- Medium term notes	3,120,000	-	-	-	-	3,120,000
	3,372,945	557,222	49,230	-	-	3,979,397
Total non-current borrowings	3,372,945	557,222	617,068	-	-	4,547,235
Total borrowings	5,167,940	1,002,836	844,682	41,937	11,605	7,069,000

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

9. **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
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.

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

10. **Changes in material litigations (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report**

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

(a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB commenced a legal suit ["KL RESB Suit"] vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1st Defendant"] and HCH was added as the second defendant ["2nd Defendant"] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK RESB Suit:

(i) That RESB be declared as the registered and beneficial owner of the said Land;
(ii) That the Purported SPA be declared null and void;
(iii) That the Alleged PA be declared null and void;
(iv) An injunction restraining the 1st Defendant from:-
  (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
  (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
  (c) taking any further action to complete the Purported SPA.
(v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
(vi) Costs of the KK RESB Suit; and
(vii) Such further or other relief as the Court deems fit and just.

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of written submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

10. **Changes in material litigations (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report (continued)**

(b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in the KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:
(i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
(v) costs of the KK Suit; and
(vi) such further or other relief as the Court deems fit and just.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"].

The trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of written submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

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

11. Derivatives

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 December 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)					
- Designated as hedging instruments*	23,903	(1,528)	(850)	1,128	278
- Not designated as hedging instruments	630,071	(11,344)	(6,392)	2,989	(3,403)
	653,974	(12,872)	(7,242)	4,117	(3,125)
Cross currency interest rate swaps on foreign currency borrowings of less than 2 years (USD)					
- Designated as hedging instruments*	923,800	36,472	39,472	(36,064)	3,408

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

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

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

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

13. **Provision of financial assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's subsidiaries, Hap Seng Credit Sdn Bhd and HS Credit (Manchester) Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2022 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	1,998,905	-	1,998,905
(b)	To individuals	323,787	1,167	324,954
(c)	To companies within the listed issuer group	489,154	36,942	526,096
(d)	To related parties	-	-	-
		2,811,846	38,109	2,849,955

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

		As at 31.12.2022
		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	931,829
		931,829

(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	32,538
(c)	Loans reclassified as performing during the financial year	(15,529)
(d)	Amount recovered	(23,485)
(e)	Amount written off	(3,888)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2022	59,981
(h)	Ratio of net loans in default to net loans	2.10%

13. **Provision of financial assistance (continued)**

Moneylending operations (continued)

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

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1st	Term Loan	420,000	419,910	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	201,183	#219,839	Yes	376,040	No	116
3rd	Term Loan	83,740	70,951	Yes	300,000	No	19
4th	Term Loan	191,000	69,244	Yes	67,000	Yes*	60
5th	Term Loan	63,320	62,735	Yes	90,457	No	60

* *Companies within the listed issuer group.*

\# *The outstanding amount is higher than the limit mainly due to unpaid interest.*

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

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

	Quarter ended		Year ended	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
Profit attributable to owners of the Company (RM'000)	98,023	300,531	950,655	900,433
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	2,489,670	2,489,670	2,489,670	2,489,670
Basic EPS (sen)	3.94	12.07	38.18	36.17

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

15. **Dividend**

Dividends for the current financial year ended 31 December 2022 were as follows:

(a) first interim dividend of 10 sen (2021: 10 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 27 May 2022 and paid on 23 June 2022;

(b) second interim dividend of 20 sen (2021: 25 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said second interim dividend was approved by the Directors on 24 November 2022 and paid on 21 December 2022.

(c) Total dividend for the current financial year ended 31 December 2022 was 30 sen comprising first interim dividend of 10 sen and second interim dividend of 20 sen (2021: 35 sen comprising first interim dividend of 10 sen and second interim dividend of 25 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2022.

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

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2021 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
Company Secretary
Kuala Lumpur
23 February 2023