CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	**31.3.2022** RM'000	***Increase/ (Decrease)***	**31.3.2023** RM'000	**31.3.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,591,303	1,645,388	*(3%)*	1,591,303	1,645,388	*(3%)*
Operating expenses	(1,427,825)	(1,356,760)		(1,427,825)	(1,356,760)	
Net other operating income	1,523	13,226		1,523	13,226	
Operating profit	165,001	301,854	*(45%)*	165,001	301,854	*(45%)*
Finance costs	(50,763)	(42,128)		(50,763)	(42,128)	
Share of results of associates and joint ventures	5,500	6,436		5,500	6,436	
Profit before tax	119,738	266,162	*(55%)*	119,738	266,162	*(55%)*
Tax expense	(47,060)	(83,814)		(47,060)	(83,814)	
Profit for the period	72,678	182,348	*(60%)*	72,678	182,348	*(60%)*
Profit attributable to:						
Owners of the Company	50,765	156,303	*(68%)*	50,765	156,303	*(68%)*
Non-controlling interests	21,913	26,045		21,913	26,045	
	72,678	182,348		72,678	182,348	
Earnings per share (sen)						
Basic	2.04	6.28	*(68%)*	2.04	6.28	*(68%)*
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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

	Quarter ended		Year-to-date ended	
	31.3.2023	**31.3.2022**	**31.3.2023**	**31.3.2022**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	72,678	182,348	72,678	182,348
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	15,220	(3,240)	15,220	(3,240)
Share of foreign currency translation differences of associates and joint ventures	1,398	1,343	1,398	1,343
Change in fair value of cash flow hedge	8,939	3,664	8,939	3,664
Total other comprehensive income for the period	25,557	1,767	25,557	1,767
Total comprehensive income for the period	98,235	184,115	98,235	184,115
Total comprehensive income attributable to:				
Owners of the Company	72,837	155,959	72,837	155,959
Non-controlling interests	25,398	28,156	25,398	28,156
	98,235	184,115	98,235	184,115

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2023

	As at 31.3.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	4,788,596	4,761,399
Investment properties	2,253,537	2,239,728
Investment in associates	495,107	488,213
Investment in joint ventures	5,294	9,295
Land held for property development	2,485,498	2,458,233
Intangible assets	37,808	37,834
Trade and other receivables	1,643,424	1,661,169
Other financial assets	47,327	48,118
Deferred tax assets	51,879	54,620
	11,808,470	11,758,609
Current assets		
Inventories	1,863,531	1,955,393
Property development costs	171,663	178,691
Biological assets	30,840	28,508
Trade and other receivables	1,741,559	1,718,239
Contract assets	20,686	22,420
Tax recoverable	128,428	125,710
Other financial assets	1,306	10,749
Money market deposits	1,824,941	1,423,946
Cash and bank balances	1,145,339	1,431,980
	6,928,293	6,895,636
TOTAL ASSETS	18,736,763	18,654,245

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 31 MARCH 2023

	As at 31.3.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
Equity attributable to owners of the Company		
Share capital	3,519,554	3,519,554
Reserves	4,227,057	4,154,220
	7,746,611	7,673,774
Less: Treasury shares	(113)	(113)
	7,746,498	7,673,661
Non-controlling interests	1,322,206	1,320,562
TOTAL EQUITY	9,068,704	8,994,223
Non-current liabilities		
Trade and other payables	193,749	191,970
Contract liabilities	55,323	55,323
Employee benefits	3,250	3,122
Borrowings	4,676,330	4,547,235
Lease liabilities	114,019	117,515
Deferred tax liabilities	494,339	494,110
	5,537,010	5,409,275
Current liabilities		
Trade and other payables	1,119,681	1,235,811
Contract liabilities	76,899	85,932
Provisions	318,707	318,166
Tax payable	43,076	47,616
Borrowings	2,542,548	2,521,765
Lease liabilities	21,679	22,301
Other financial liabilities	8,459	19,156
	4,131,049	4,250,747
TOTAL LIABILITIES	9,668,059	9,660,022
TOTAL EQUITY AND LIABILITIES	18,736,763	18,654,245
Net assets per share (RM)	3.11	3.08
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 2022 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 31 MARCH 2023

	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 2023	3,519,554	118,654	4,035,566	(113)	7,673,661	1,320,562	8,994,223
Profit for the period	-	-	50,765	-	50,765	21,913	72,678
Total other comprehensive income for the period	-	22,072	-	-	22,072	3,485	25,557
Total comprehensive income for the period	-	22,072	50,765	-	72,837	25,398	98,235
Changes in ownership status of an investment	-	-	-	-	-	3,865	3,865
Dividends paid to non-controlling interests	-	-	-	-	-	(27,619)	(27,619)
At 31 March 2023	3,519,554	140,726	4,086,331	(113)	7,746,498	1,322,206	9,068,704
At 1 January 2022	3,519,554	158,374	3,829,576	(113)	7,507,391	1,197,368	8,704,759
Profit for the period	-	-	156,303	-	156,303	26,045	182,348
Total other comprehensive income for the period	-	(344)	-	-	(344)	2,111	1,767
Total comprehensive income for the period	-	(344)	156,303	-	155,959	28,156	184,115
Changes in ownership interest in subsidiaries	-	-	(10,359)	-	(10,359)	40,966	30,607
Dividends paid to non-controlling interests	-	-	-	-	-	(35,198)	(35,198)
At 31 March 2022	3,519,554	158,030	3,975,520	(113)	7,652,991	1,231,292	8,884,283

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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2023

	Year-to-date ended	
	31.3.2023	**31.3.2022**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	119,738	266,162
Adjustments for:		
Non-cash items	36,484	37,069
Non-operating items	(5,798)	(6,572)
Dividend income	(10,124)	(1,388)
Net interest expense	43,182	37,994
Operating profit before working capital changes	183,482	333,265
Net changes in working capital	11,217	(827,314)
Net changes in loan receivables	8,559	314,014
Net tax paid	(52,689)	(114,961)
Net interest paid	(71,208)	(46,685)
Net changes in land held for property development	(7,362)	(21,417)
Net cash flows generated from/(used in) operating activities	71,999	(363,098)
Cash flows from investing activities		
Dividends received from money market deposits	9,936	1,200
(Increase)/decrease in money market deposits	(380,477)	757,234
Change in ownership status of an investment	3,665	-
Proceeds from disposal of interest in subsidiary	-	78,150
Acquisition of shares from non-controlling interests	-	(47,543)
Proceeds from disposal of property, plant and equipment	403	4,102
Purchase of property, plant and equipment	(64,609)	(88,349)
Additions to investment properties	(10,818)	(11,800)
Net cash flows (used in)/generated from investing activities	(441,900)	692,994
Cash flows from financing activities		
Dividends paid to non-controlling interests	(27,619)	(37,897)
Net drawdown of borrowings	114,043	417,845
Payment of lease liabilities	(5,406)	(6,934)
Net cash flows generated from financing activities	81,018	373,014
Net (decrease)/increase in cash and cash equivalents	(288,883)	702,910
Effects on exchange rate changes	2,242	(2,303)
Cash and cash equivalents at beginning of the period	1,431,980	1,225,957
Cash and cash equivalents at end of the period	1,145,339	1,926,564
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	551,873	1,457,740
Cash in hand and at bank	593,466	468,824
	1,145,339	1,926,564

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 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 2022.

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 2022.

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 financial years.

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

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

   As at 31 March 2023, the Company held 12,000 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 2,489,681,583 ordinary shares.

6. **Dividends**

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

7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter/Year-to-date ended 31 March 2023									
Revenue									
External revenue	159,934	90,853	50,049	465,461	648,028	176,978	-	-	1,591,303
Inter-segment revenue	-	7,298	11,838	2,379	55,308	25,683	-	(102,506)	-
Total revenue	159,934	98,151	61,887	467,840	703,336	202,661	-	(102,506)	1,591,303
Operating profit	32,297	18,699	42,239	29,166	44,824	40,197	(9,990)	(32,431)	165,001
Finance costs									(50,763)
Share of results of associates and joint ventures									5,500
Profit before tax									119,738
Segment assets	2,379,842	7,749,507	2,405,507	858,534	1,442,918	1,684,070	1,535,677	-	18,056,055
Segment liabilities	71,767	1,178,156	842,284	368,948	652,687	1,044,069	4,972,733	-	9,130,644
Preceding year quarter/Year-to-date ended 31 March 2022									
Revenue									
External revenue	242,153	125,492	46,452	364,919	751,253	115,119	-	-	1,645,388
Inter-segment revenue	-	5,565	15,165	6,419	34,274	21,335	-	(82,758)	-
Total revenue	242,153	131,057	61,617	371,338	785,527	136,454	-	(82,758)	1,645,388
Operating profit	125,596	58,787	49,224	10,932	74,753	20,614	(1,195)	(36,857)	301,854
Finance costs									(42,128)
Share of results of associates and joint ventures									6,436
Profit before tax									266,162
Segment assets	2,351,758	7,725,775	2,774,252	689,542	1,613,396	1,211,241	985,236	-	17,351,200
Segment liabilities	63,148	1,153,520	1,410,614	268,645	908,274	768,181	3,966,132	-	8,538,514

8. **Event after the end of interim period**

Save for the subsequent events disclosed in Note 10 of Part B, there was no other event after the end of the interim period and up to 18 May 2023 that has not been reflected in these interim financial statements.

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 8 February 2023, the dissolution of *Kao Fu Bricks Sdn Bhd [“KFB”] 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.

(b) On 6 March 2023, *Hap Seng Auto Sdn Bhd incorporated a wholly-owned subsidiary namely, Hap Seng Smart Sdn Bhd [“HS Smart”], with an issued share capital of RM1.00 comprising 1 ordinary share. HS Smart is principally involved in the trading of motor vehicles, spare parts and servicing of motor vehicles.

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

10. **Significant events and transactions**

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 18 May 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 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 31.3.2023 RM’000	**As at 31.12.2022** RM’000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	882,883	816,171
- investment properties	477,265	487,434
	1,360,148	1,303,605

13. **Significant related party transactions**

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

On 22 March 2023 [“said date”], *HSC Manchester Holding Pte Ltd [“HSC Manchester”] entered into a shares sale agreement with Lei Shing Hong Capital Limited, a wholly-owned subsidiary of Lei Shing Hong Limited [“LSH”], pursuant to which HSC Manchester had agreed to dispose 50,000,000 ordinary shares representing 100% of the issued and paid-up share capital of *HS Credit (Manchester) Ltd [“HCML”] for a cash consideration of GBP152.96 million (translated to RM837.34 million based on the Bank Negara Malaysia’s middle exchange rate as at 5.00 p.m. on 21 March 2023 of GBP1.00: RM5.4743) [“Proposed HCML Disposal”].

The Proposed HCML 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 HCML Disposal. [Collectively referred to as the “Interested Shareholders”].

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 HCML Disposal. [Collectively referred to as the “Interested Directors”].

The Proposed HCML Disposal was approved of by the non-interested shareholders at the extraordinary general meeting of the Company held on even date during which the Interested Directors and Interested Shareholders had abstained from voting and they had ensured that persons connected with them, if any, had abstained from voting.

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

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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 for the current quarter at RM1.59 billion was 3% lower than the preceding year corresponding quarter of RM1.65 billion mainly due to lower revenue from Plantation, Property and Trading Divisions. Group's operating profit for the current quarter at RM165 million was 45% lower than the preceding year corresponding quarter of RM301.9 million due to lower profit contribution from Plantation, Property, Credit Financing and Trading Divisions but mitigated by higher profit contribution from Automotive and Building Materials Divisions.

Plantation Division's revenue for the current quarter at RM159.9 million was 34% lower than the preceding year corresponding quarter of RM242.2 million mainly due to lower average selling price of all palm products. Average selling price of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] for the current quarter at RM4,088 per tonne and RM2,182 per tonne respectively were both lower than the preceding year corresponding quarter of RM6,019 per tonne for CPO and RM4,702 per tonne for PK. CPO sales volume for the current quarter at 33,906 tonnes was marginally above the preceding year corresponding quarter of 33,607 tonnes whilst PK sales volume was 15% higher at 8,431 tonnes as compared to the preceding year corresponding quarter of 7,319 tonnes. CPO and PK production for the current quarter were higher than the preceding year corresponding quarter by 24% and 15% respectively, in tandem with the increase in fresh fruit bunches ["FFB"] production by 15% due to seasonal yield trend and changes in cropping patterns as well as higher volume of FFB purchased, and higher CPO extraction rates. Production costs continued to be affected by higher fertilizer and diesel prices, and the increase in minimum wage from RM1,100 to RM1,500. Operating profit for the current quarter at RM32.3 million was 74% lower than the preceding year corresponding quarter of RM125.6 million. The comparably lower current quarter operating profit was also due to a gain from disposal of land to Property Division of RM18.8 million included in the preceding year corresponding quarter and lower gain from fair value adjustments of biological assets in the current quarter.

Property Division's revenue for the current quarter at RM98.2 million was 25% below the preceding year corresponding quarter of RM131.1 million. However, the preceding year corresponding quarter included revenue from sale of land of RM39.2 million. Property development segment continued to face challenges in a subdued property market and registered marginally lower revenue mainly due to lower units sold in East Malaysia mitigated by higher project revenue in Peninsular Malaysia. The investment property segment registered 7% growth in rental revenue with improvement in occupancy rate in its major investment properties in Kuala Lumpur City Centre whilst the hospitality segment's first 5-star hotel, Hyatt Centric in Kota Kinabalu, commenced operations in October 2022 contributed to the division's revenue growth for the current quarter. The division's operating profit for the current quarter at RM18.7 million was 68% lower than the preceding year corresponding quarter of RM58.8 million.

Credit Financing Division continues to exercise prudent lending in view of the elevated interest rate and uncertainties in the global economies surrounding its sectors of financing. The division's loan base at the end of the current quarter at RM2.85 billion, 12% below the preceding year corresponding quarter of RM3.24 billion. Total non-performing loans ["NPL"] in the current quarter approximates that of the preceding year corresponding quarter. However, as a consequence of lower loan base, NPL ratio at the end of the current quarter was 2.54% as compared to 2.17% at the end of the preceding year corresponding quarter. Inspite of the lower loan base, the division's revenue for the current quarter at RM61.9 million was at the same level as the preceding year corresponding quarter of RM61.6 million mainly due to a reversal of interest in suspense with respect to the loans under the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Guarantee Scheme, upon the normalisation of these accounts. Operating profit for the current quarter at RM42.2 million was 14% lower than the preceding year corresponding quarter of RM49.2 million due to higher provision for impairment of loans.

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

Automotive Division's revenue for the current quarter at RM467.8 million was 26% higher than the preceding year corresponding quarter of RM371.3 million with higher revenue from both its passenger car and commercial vehicle segments. The passenger car segment registered 34% growth in revenue with 30% increase in number of cars sold, benefitted from fulfilment of sales tax exemption orders before 31 March 2023 as well as sales of electric cars which were launched in the third quarter of last year whilst the after sales and services registered 7% growth in throughput. The commercial vehicle segment's revenue was 6% higher as compared to the preceding year corresponding quarter with an increase in sales volume by 58%, mainly on the Fuso range of vehicles. Both the passenger car and commercial vehicles segments registered improved profit margins in the current quarter. Consequently, the division's operating profit for the current quarter was RM29.2 million, more than doubled that of the preceding year corresponding quarter of RM10.9 million.

Trading Division's revenue for the current quarter at RM703.3 million was 10% lower than the preceding year corresponding quarter with lower revenue from its fertilizers trading business but mitigated by higher revenue from its general trading business. Fertilizers trading business' revenue for the current quarter was 15% lower than the preceding year corresponding quarter attributable to lower sales volume affected by delay in fertilizer applications due to the adverse weather conditions and decline in CPO prices, and the easing of fertilizers prices affecting margins. General trading business registered 27% increase in revenue, benefitted from the increase in activities in the property development and construction sectors. The division's operating profit for the current quarter at RM44.8 million was 40% below the preceding year corresponding quarter of RM74.8 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 in the current quarter at RM202.7 million was 48% higher than the preceding year corresponding quarter of RM136.5 million with higher revenue contribution from both business segments. Revenue from quarry, asphalt and bricks businesses for the current quarter was 5% higher than the preceding year corresponding quarter, benefitted from higher sales volume and improved average selling prices of aggregate and bricks in the Malaysian market. Hafary registered 67% growth in revenue for the current quarter with higher sales from both its general and project sectors in tandem with the Singapore construction sector's estimated growth by 8.5% in the first quarter of 2023 year-on-year, and also benefitted from the continuing renovation activities. Consequently, the division's operating profit for the current quarter at RM40.2 million was close to twice the preceding year corresponding quarter of RM20.6 million.

Overall, Group profit before tax ["PBT"] and profit after tax for the current quarter at RM119.7 million and RM72.7 million were lower than the preceding year corresponding quarter by 55% and 60% respectively. Accordingly, profit attributable to owners of the Company and basic earnings per share for the current quarter at RM50.8 million and 2.04 sen respectively were both 68% below the preceding year corresponding quarter.

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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 31.3.2023 RM'000	**Immediate Preceding Quarter ended 31.12.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,591,303	1,791,046	*(11%)*
Operating profit	165,001	223,311	*(26%)*
Profit before tax	119,738	185,019	*(35%)*

Group PBT for the current quarter at RM119.7 million was 35% lower than the immediate preceding quarter of RM185 million mainly due to lower contribution from Property and Trading Divisions, higher finance costs and a net foreign exchange translation loss. Finance costs in the current quarter were higher by RM19.7 million as compared to the immediate preceding quarter of RM31.1 million mainly due to higher borrowings and higher average cost of funds. The Group incurred a net foreign exchange loss of RM13.3 million, resulted from the translation of its USD bank balances and money market deposits as compared to net foreign exchange gain of RM10.6 million in the immediate preceding quarter.

Property Division's operating profit for the current quarter at RM18.7 million was 60% below the immediate preceding quarter of RM46.6 million mainly attributable to lower contribution from its property development segment due to less units sold.

Trading Division's operating profit for the current quarter at RM44.8 million was 15% lower than the immediate preceding quarter of RM52.9 million mainly due to lower contribution from its fertilizers trading business affected by lower average selling price but mitigated by higher sales volume.

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3. **Current year prospects**

Bank Negara Malaysia ["BNM"] in its Monetary Policy Statement dated 3 May 2023 mentioned that: *"The global economy continues to be driven by resilient domestic demand supported by strong labour market conditions, and a stronger-than-expected rebound of China's economy. Nevertheless, the global economy continues to be weighed down by elevated cost pressures and higher interest rates."* It further mentioned that: *"For the Malaysian economy, latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. While exports are expected to moderate, growth in 2023 will be driven by domestic demand. Household spending remains resilient, underpinned by better labour market conditions as unemployment continues to decline to pre-pandemic levels."* The Monetary Policy Committee of BNM in its meeting on 3 May 2023 had raise the Overnight Policy Rate ["OPR"] by 25 basis points to 3%.

Malaysia's palm oil inventories at the end of April 2023 decreased by 10.5% month-on-month to 1.5 million tonnes. In April 2023, Malaysia's CPO production was 7.1% lower month-on-month at 1.196 million tonnes in tandem with the lower FFB production. Average CPO price per tonne in April 2023 was RM4,217.50 and in the first ten days of May 2023, daily prices ranged between RM3,965.50 to RM4,117 per tonne. CPO prices are expected to be under pressure in the near term with the uncertainties over the import policies on palm oil and soft oils by India, one of the major palm oil importing countries and also the palm oil export policy by Indonesia. The recent narrowing of discounts on palm oil to soft oils and the situation of palm oil trading at a premium over sunflower oil have prompted importers in India to switch from palm oil to soyoil and sunflower oil. The palm oil export policy in Indonesia continues to be a major influence on palm oil prices and as the country's production is forecast to increase in the second half of the year, the Indonesian government may lower the CPO export reference price to normalise palm oil exports. High production costs continued to be a challenge for Plantation Division due to inflationary pressures and the high prices of fertilizer, diesel and other input materials as well as higher labour cost. Nevertheless, to mitigate this, the division continues to focus on improving the overall cost efficiencies of its operations and put concerted efforts to improve FFB yield and oil extraction rates.

The Malaysian property market is expected to remain challenging in 2023 amid the projection of a moderately lower economic growth and generally cautious homebuyers' sentiments. Nevertheless, the various supportive government initiatives and measures outlined in the revised Budget 2023, such as the full stamp duty exemption for first-time homebuyers for properties valued at RM500,000 and below until end of 2025, 75% stamp duty exemption for properties valued above RM500,000 to RM1 million until end of 2023, the housing credit guarantee scheme up to RM5 billion to help self-employed homebuyers with no fixed income and the reduction of income tax rate for annual income below RM100,000, may help to boost consumers' buying interests. The Group's Property Division will continue to intensify its sales and marketing activities with attractive packages and sales promotion to drive property sales. With its relatively stable tenant portfolio and active leasing and building management efforts to optimise the occupancy rates and rental yield, the division expects its investment properties to continue to perform steadily. The division's hospitality segment is expected to benefit from the growth in the tourism sector following the re-opening of borders and lifting of travel restriction globally.

The Credit Financing Division expects businesses to remain challenging in view of elevated interest rates and uncertainties in the global economies. The division will continue to exercise prudent lending and 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 minimizing non-performing loans. Concerted effort is also placed to improve net interest margin and to build a stable and sustainable loan portfolio.

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

The Malaysian Automotive Association [“MAA”] forecasts a 8.8% decline in total industry volume [“TIV”] for passenger cars, from 641,773 units in 2022 to 585,000 units in 2023 whilst TIV for commercial vehicles is forecast to decrease by 17.6% from 78,885 units in 2022 to 65,000 units in 2023. The global supply chain disruptions affecting the automotive industry have eased, but the industry remains vulnerable to the uncertainties in the geopolitical situation in Europe affecting the supply and prices of vital raw materials and freight costs. The Group’s Automotive Division will continue to focus on strengthening its market network and improving the efficiency of its after sales and services segment whilst broadening its service offering through its body and paint centre to further enhance its profitability.

The Trading Division expects its fertilizers trading business in all geographical markets to operate in a challenging and competitive business environment. Although the tight supply situation has eased, fertilizer prices remained high and affordability continues to be a concern in driving demand coupled with the softening of CPO prices and adverse weather that may affect fertilizer applications. The general trading business is expected to benefit from further recovery anticipated in the Malaysian construction sector which was forecast to grow by 4.7% in 2023 but business sentiments may be weighed down by the uncertainties in the global economies. The division will continue to focus on managing inventories and receivables to mitigate operational risks.

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 to benefit from the continuing strong pipeline of public housing projects in Singapore and the ramp-up of Build-To-Order flats supply by the Housing Development Board as well as the private sector construction demand and renovation activities which are expected to continue its momentum in 2023.

Based on the foregoing and despite the challenging business environment and uncertainties in the 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.

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5. **Profit before tax**

	Quarter ended		Year-to-date ended	
	31.3.2023	**31.3.2022**	**31.3.2023**	**31.3.2022**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	7,581	4,134	7,581	4,134
Dividend income from equity investment at fair value through other comprehensive income	188	188	188	188
Dividend income from money market deposits	9,936	1,200	9,936	1,200
Gain on money market deposits at fair value	1,052	5,693	1,052	5,693
Interest expense	(50,763)	(42,128)	(50,763)	(42,128)
Depreciation and amortisation	(51,927)	(47,788)	(51,927)	(47,788)
Net allowance of impairment losses				
- trade receivables	(8,492)	(2,181)	(8,492)	(2,181)
Net reversal of inventories written down/ (Net inventories written down)	5,155	(3,219)	5,155	(3,219)
Gain on disposal of property, plant and equipment	298	136	298	136
Property, plant and equipment written off	(874)	(11)	(874)	(11)
Bad debts written off	(41)	-	(41)	-
Net foreign exchange (loss)/gain	(15,042)	29	(15,042)	29
Net gain on non-hedging derivative instruments	5,355	3,482	5,355	3,482
Net gain from fair value adjustments of biological assets	2,332	8,684	2,332	8,684
Recovery of bad debts	172	158	172	158

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

6. **Tax expense**

	Quarter ended		Year-to-date ended	
	31.3.2023	**31.3.2022**	**31.3.2023**	**31.3.2022**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	44,270	84,549	44,270	84,549
- deferred tax	2,790	(735)	2,790	(735)
	47,060	83,814	47,060	83,814

The Group's effective tax rate for the current quarter was higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes and deferred tax assets not recognised on business losses in certain subsidiaries.

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

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 18 May 2023:

(a) On 23 December 2021, *Positive Sunland Sdn Bhd ["Positive Sunland"] entered into a conditional sale and purchase agreement ["Platinum Park SPA"] to acquire from, Sovereign Towers Sdn Bhd ["Sovereign Towers"], the wholly-owned subsidiary of Naza Corporation Holdings Sdn Bhd ["NCH"], the beneficial proprietor, and Profound Reliance Sdn Bhd, the 70%-owned subsidiary of NCH ["Profound Reliance"], the registered proprietor, 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"]. 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 is conditional upon the approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia ["EPU Approval"] to be obtained on or before 22 September 2023 ["Platinum Park Conditional Period"].

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

(i) notwithstanding that the Platinum Park SPA has not become unconditional, Positive Sunland shall pay the redemption sum of the Platinum Park Land ["Platinum Park Redemption Sum"] and a further 70% of the Platinum Park Acquisition Consideration ["Platinum Park 70% Payment"] in exchange for the delivery of the discharge documents which included the original title of Platinum Park Land ["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;

(ii) 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 of the Platinum Park SPA becoming unconditional; and

(iii) In the event the EPU Approval could not be fulfilled 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, free of interest, in exchange for the return of all documents delivered to Positive Sunland including the Platinum Park Discharge Documents and the Platinum Park PA.

The Platinum Park Redemption Sum and Platinum Park 70% Payment were paid on 23 August 2022 and 28 August 2022 respectively.

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

(b) On 3 January 2022, *Sierra Positive Sdn Bhd [“Sierra Positive”] entered into a conditional sale and purchase agreement [“Met 3 SPA”] with TTDI KL Metropolis Sdn Bhd [“TKLM”], the wholly-owned subsidiary of Naza TTDI Sdn Bhd, which in turn is a 80%-owned subsidiary of NCH to acquire all that parcel of vacant commercial land known as Met 3, Plot 7A, KL Metropolis held under H.S.(D) 123243, PT 50386 (formerly held under Pajakan Negeri 52355, Lot 80929, Jalan Duta), Mukim Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 668,212.79 sq. ft [“Met 3 Land”] 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 is conditional upon the following authorities’ approvals to be obtained on or before 2 October 2023 [“Met 3 Conditional Period”], namely:

(i) the EPU Approval; and

(ii) the approval of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur to be obtained by TKLM for the transfer of the Met 3 Land in favour of Sierra Positive [collectively, “Authorities’ Approvals”].

On 12 January 2022, Sierra Positive and TKLM entered into a supplemental agreement to vary the terms of the Met 3 SPA as follows:

(i) notwithstanding that the Met 3 SPA has not become unconditional, Sierra Positive shall pay the redemption sum of the Met 3 Land [“Met 3 Redemption Sum”] and a further 70% of the Met 3 Acquisition Consideration [“Met 3 70% Payment”] in exchange for the delivery of the discharge documents which included the original title of Met 3 Land [“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;

(ii) 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 one (1) month of the Met 3 SPA becoming unconditional; and

(iii) In the event the Authorities’ Approvals could not be fulfilled for any reason whatsoever on expiry of the Met 3 Conditional Period, TKLM shall refund to Sierra Positive all monies paid pursuant to the Met 3 SPA, free of interest, in exchange for the return of all documents delivered to Sierra Positive 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.

Pursuant to the supplemental agreement dated 30 August 2022, [“Met 3 Second SA”] TKLM 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”] which resulted in an increase of the Met 3 Acquisition Consideration from RM868,676,627 to RM933,676,627 based on the valuation report dated 30 August 2022 of Met 3 Land. Upon execution of the Met 3 Second SA, 15% of the Met 3 Conversion Sum amounting to RM9,750,000 was paid to TKLM. The balance 85% of the Met 3 Conversion Sum amounting to RM55,250,000 was paid to TKLM on 26 September 2022.

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

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 proceeds from the HCBL Disposal have been fully utilised as follows:

Details of utilisation	Proposed Utilisation Per *Circular RM'000	Proposed Utilisation **Adjusted RM'000	As at 31 March 2023 Utilisation RM'000	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Repayment of borrowings	560,000	560,000	560,000	-	-	
Working capital requirements:						
Purchase of inventories						
(a) fertilizers	70,000	70,000	70,000	-	-	
(b) automobiles	50,000	50,000	50,000	-	-	
(c) building materials such as steel bars and cement	25,022	12,829	12,866	# (37)	(0.3)	
	145,022	132,829	132,866	(37)	(0.03)	
Estimated expenses	1,150	1,150	1,113	37	3	The estimated expenses not utilised have been deployed for working capital requirements, item (c) #
	706,172	693,979	693,979	-	-	

* *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 of proceeds by RM12.193 million which was deducted from the proposed utilisation for working capital requirements, 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 31.3.2023 *(Unaudited)*						
	Denominated in						
	RM RM’000	USD RM’000	SGD RM’000	Euro RM’000	IDR RM’000	JPY RM’000	Total RM’000
Current							
Secured							
- Term loans	-	-	39,041	-	-	-	39,041
- Revolving credits	-	-	156,221	-	-	-	156,221
	-	-	195,262	-	-	-	195,262
Unsecured							
- Term loans	300,358	17,644	-	-	-	-	318,002
- Revolving credits	374,500	110,354	-	-	90,102	-	574,956
- Trust receipts	-	-	50,883	42,883	-	-	93,766
- Bankers’ acceptances	224,467	5,542	-	21,408	-	14,145	265,562
- Medium term notes	1,095,000	-	-	-	-	-	1,095,000
	1,994,325	133,540	50,883	64,291	90,102	14,145	2,347,286
Total current borrowings	1,994,325	133,540	246,145	64,291	90,102	14,145	2,542,548
Non-current							
Secured							
- Term loans	-	-	568,328	-	-	-	568,328
Unsecured							
- Term loans	217,216	555,786	-	-	-	-	773,002
- Medium term notes	3,335,000	-	-	-	-	-	3,335,000
	3,552,216	555,786	-	-	-	-	4,108,002
Total non-current borrowings	3,552,216	555,786	568,328	-	-	-	4,676,330
Total borrowings	5,546,541	689,326	814,473	64,291	90,102	14,145	7,218,878

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

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

	As at 31.12.2022 *(Audited)*						
	Denominated in						
	RM	USD	SGD	Euro	IDR	JPY	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current							
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	-	-	5,182	-	8,575	266,130
- Medium term notes	1,025,000	-	-	-	-	-	1,025,000
	1,794,995	431,857	67,255	47,119	11,605	8,575	2,361,406
Total current borrowings	1,794,995	431,857	227,614	47,119	11,605	8,575	2,521,765
Non-current							
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	989,079	844,682	47,119	11,605	8,575	7,069,000

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

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

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

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

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

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

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

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

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

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

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The 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.

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11. **Derivatives**

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 March 2023 are as follows:

	Contract/ Notional Value	**Fair Value: Assets/ (Liabilities)**	**Gain/(loss) On Derivative Instruments**	**Gain/(loss) On Hedged Items**	**Net Gain/(loss)**
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward currency contracts of less than 1 year (USD/Euro/JPY/RMB)					
- Designated as hedging instruments*	22,339	(84)	1,444	(1,374)	70
- Not designated as hedging instruments	479,399	(1,694)	9,650	(4,295)	5,355
	501,738	(1,778)	11,094	(5,669)	5,425
Cross currency interest rate swaps on foreign currency borrowings of less than 2 years (USD)					
- Designated as hedging instruments*	638,160	25,827	(10,645)	19,514	8,869

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

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

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

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

13. Provision of financial assistance

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's subsidiaries, Hap Seng Credit Sdn Bhd and HS Credit (Manchester) Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 March 2023 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	2,008,718	-	2,008,718
(b)	To individuals	312,749	1,174	313,923
(c)	To companies within the listed issuer group	491,485	36,939	528,424
(d)	To related parties	-	-	-
		2,812,952	38,113	2,851,065

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

		As at 31.3.2023
		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	723,896
		723,896

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

		RM'000
(a)	Balance as at 1.1.2023	59,981
(b)	Loans classified as in default during the financial year	16,542
(c)	Loans reclassified as performing during the financial year	(839)
(d)	Amount recovered	(3,141)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 31.3.2023	72,543
(h)	Ratio of net loans in default to net loans	2.54%

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	419,832	Yes	467,834	Yes*	3 – 96
2nd	Term Loan	201,183	#225,764	Yes	376,040	No	116
3rd	Term Loan	191,000	71,653	Yes	67,000	Yes*	60
4th	Term Loan	64,962	64,634	Yes	92,803	No	60
5th	Term Loan	83,740	44,671	Yes	300,000	No	19

* *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-to-date ended	
	31.3.2023	**31.3.2022**	**31.3.2023**	**31.3.2022**
Profit attributable to owners of the Company (RM'000)	50,765	156,303	50,765	156,303
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)	2.04	6.28	2.04	6.28

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

15. **Dividend**

(a) The Board of Directors has on even date approved the following first interim dividend for the financial year ending 31 December 2023:

(i)	Amount per ordinary share - First Interim Dividend	10 sen (2022: 10 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.
(ii)	Total dividend approved to date for the current financial year: Amount per ordinary share	10 sen (2022: 10 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.

(b) The dividend will be payable in cash on 22 June 2023; and

(c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 9 June 2023.

NOTICE OF FIRST INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a first interim dividend of 10 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2023, will be payable in cash on 22 June 2023 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 9 June 2023. A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares deposited into the depositor's securities account before 12.30 pm on 7 June 2023 (in respect of shares which are exempted from mandatory deposit);
(b) shares transferred into the depositor's securities account before 4.30 pm on 9 June 2023 respect of transfers; and
(c) shares bought on the Bursa Malaysia Securities Berhad (Bursa Securities) on a cum entitlement basis according to the rules of the Bursa Securities.

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

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2022 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
Company Secretary
Kuala Lumpur
25 May 2023