CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED) FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2023

	Quarter ended			Year-to-date ended		
	30.6.2023 RM'000	**30.6.2022** RM'000	***Increase/ (Decrease)***	**30.6.2023** RM'000	**30.6.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,648,358	1,700,908	*(3%)*	3,239,661	3,346,296	*(3%)*
Operating expenses	(1,487,451)	(1,444,576)		(2,915,276)	(2,801,336)	
Net other operating income	16,037	11,385		17,560	24,611	
Operating profit	176,944	267,717	*(34%)*	341,945	569,571	*(40%)*
Finance costs	(54,705)	(45,241)		(105,468)	(87,369)	
Other gain item	594,979	-		594,979	-	
Share of results of associates and joint ventures	11,834	9,475		17,334	15,911	
Profit before tax	729,052	231,951	*214%*	848,790	498,113	*70%*
Tax expense	(46,785)	(65,721)		(93,845)	(149,535)	
Profit for the period	682,267	166,230	*310%*	754,945	348,578	*117%*
Profit attributable to:						
Owners of the Company	661,894	132,583	*399%*	712,659	288,886	*147%*
Non-controlling interests	20,373	33,647		42,286	59,692	
	682,267	166,230		754,945	348,578	
Earnings per share (sen)						
Basic	26.59	5.33	*399%*	28.62	11.60	*147%*
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 SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2023

	Quarter ended		Year-to-date ended	
	30.6.2023	**30.6.2022**	**30.6.2023**	**30.6.2022**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	682,267	166,230	754,945	348,578
Other comprehensive income/(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	34,705	(16,657)	49,925	(19,897)
Share of foreign currency translation differences of associates and joint ventures	5,130	(867)	6,528	476
Foreign currency translation differences for foreign operations reclassified to profit or loss	(12,519)	-	(12,519)	-
Change in fair value of cash flow hedge	325	(2,900)	9,264	764
Total other comprehensive income/(expense) for the period	27,641	(20,424)	53,198	(18,657)
Total comprehensive income for the period	709,908	145,806	808,143	329,921
Total comprehensive income attributable to:				
Owners of the Company	683,101	111,492	755,938	267,451
Non-controlling interests	26,807	34,314	52,205	62,470
	709,908	145,806	808,143	329,921

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 30 JUNE 2023

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,856,831	4,761,399
Investment properties	2,606,974	2,239,728
Investment in associates	508,148	488,213
Investment in joint ventures	5,563	9,295
Land held for property development	2,538,653	2,458,233
Intangible assets	37,783	37,834
Trade and other receivables	1,416,575	1,661,169
Other financial assets	83,462	48,118
Deferred tax assets	50,346	54,620
	12,104,335	11,758,609
Current assets		
Inventories	1,697,936	1,955,393
Property development costs	176,278	178,691
Biological assets	26,544	28,508
Trade and other receivables	1,719,239	1,718,239
Contract assets	17,352	22,420
Tax recoverable	145,170	125,710
Other financial assets	17,385	10,749
Money market deposits	1,701,939	1,423,946
Cash and bank balances	1,661,864	1,431,980
	7,163,707	6,895,636
TOTAL ASSETS	19,268,042	18,654,245

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 30 JUNE 2023

	As at 30.6.2023 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	4,661,191	4,154,220
	8,180,745	7,673,774
Less: Treasury shares	(113)	(113)
	8,180,632	7,673,661
Non-controlling interests	1,345,204	1,320,562
TOTAL EQUITY	9,525,836	8,994,223
Non-current liabilities		
Trade and other payables	195,661	191,970
Contract liabilities	55,323	55,323
Employee benefits	3,215	3,122
Borrowings	4,692,559	4,547,235
Lease liabilities	114,862	117,515
Deferred tax liabilities	495,371	494,110
	5,556,991	5,409,275
Current liabilities		
Trade and other payables	1,068,171	1,235,811
Contract liabilities	75,923	85,932
Provisions	318,446	318,166
Tax payable	43,383	47,616
Borrowings	2,653,817	2,521,765
Lease liabilities	24,787	22,301
Other financial liabilities	688	19,156
	4,185,215	4,250,747
TOTAL LIABILITIES	9,742,206	9,660,022
TOTAL EQUITY AND LIABILITIES	19,268,042	18,654,245
Net assets per share (RM)	3.29	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 30 JUNE 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	-	-	712,659	-	712,659	42,286	754,945
Total other comprehensive income for the period	-	43,279	-	-	43,279	9,919	53,198
Total comprehensive income for the period	-	43,279	712,659	-	755,938	52,205	808,143
Changes in ownership status of an investment	-	-	-	-	-	3,865	3,865
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(31,428)	(31,428)
At 30 June 2023	3,519,554	161,933	4,499,258	(113)	8,180,632	1,345,204	9,525,836
At 1 January 2022	3,519,554	158,374	3,829,576	(113)	7,507,391	1,197,368	8,704,759
Profit for the period	-	-	288,886	-	288,886	59,692	348,578
Total other comprehensive expense for the period	-	(21,435)	-	-	(21,435)	2,778	(18,657)
Total comprehensive income for the period	-	(21,435)	288,886	-	267,451	62,470	329,921
Changes in ownership interest in subsidiaries	-	-	2,236	-	2,236	78,569	80,805
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(43,466)	(43,466)
At 30 June 2022	3,519,554	136,939	3,871,731	(113)	7,528,111	1,294,941	8,823,052

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 30 JUNE 2023

	Year-to-date ended	
	30.6.2023	30.6.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	848,790	498,113
Adjustments for:		
Non-cash items	89,521	74,473
Non-operating items	(612,625)	(17,663)
Dividend income	(13,146)	(1,938)
Net interest expense	90,117	77,637
Operating profit before working capital changes	402,657	630,622
Net changes in working capital	56,527	(735,130)
Net changes in loan receivables	101,480	266,108
Net tax paid	(114,366)	(203,606)
Net interest paid	(147,744)	(95,958)
Net changes in land held for property development	(39,482)	(28,790)
Net cash flows generated from/(used in) operating activities	259,072	(166,754)
Cash flows from investing activities		
Dividends received from associates and a joint venture	3,654	7,320
Dividends received from money market deposits	12,771	1,563
(Increase)/decrease in money market deposits	(243,337)	529,715
Change in ownership status of an investment	3,665	-
Disposal of subsidiary net of cash disposed	781,075	-
Proceeds from disposal of interest in subsidiary	-	128,348
Acquisition of shares from non-controlling interests	-	(47,543)
Proceeds from disposal of property, plant and equipment	1,124	6,006
Purchase of property, plant and equipment	(145,000)	(171,568)
Additions to investment properties	(359,546)	(21,398)
Net cash flows generated from investing activities	54,406	432,443
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(280,395)	(295,132)
Net drawdown of borrowings	196,246	708,905
Payment of lease liabilities	(13,004)	(13,773)
Net cash flows (used in)/generated from financing activities	(97,153)	400,000
Net increase in cash and cash equivalents	216,325	665,689
Effects on exchange rate changes	13,559	(3,965)
Cash and cash equivalents at beginning of the period	1,431,980	1,225,957
Cash and cash equivalents at end of the period	1,661,864	1,887,681
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	944,633	1,342,839
Cash in hand and at bank	717,231	544,842
	1,661,864	1,887,681

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 interim period of the current financial year or 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 30 June 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**

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

	Year-to-date ended	
	30.6.2023	**30.6.2022**
	RM'000	RM'000
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
Dividend in respect of financial year ending 31 December 2023:		
- first interim (10 sen) under the single tier system approved by the Directors on 25 May 2023 and paid on 22 June 2023	248,967	-
	248,967	248,967

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7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter ended 30 June 2023									
Revenue									
External revenue	168,787	114,269	48,597	396,926	716,720	203,059	-	-	1,648,358
Inter-segment revenue	-	7,345	12,018	1,903	68,495	27,398	-	(117,159)	-
Total revenue	168,787	121,614	60,615	398,829	785,215	230,457	-	(117,159)	1,648,358
Operating profit	13,958	24,275	42,586	15,118	73,348	42,495	9,733	(44,569)	176,944
Finance costs									(54,705)
Other gain item									594,979
Share of results of associates and joint ventures									11,834
Profit before tax									729,052
Preceding year quarter ended 30 June 2022									
Revenue									
External revenue	246,862	115,693	48,349	400,322	746,365	143,317	-	-	1,700,908
Inter-segment revenue	-	6,168	11,560	6,320	59,545	23,027	-	(106,620)	-
Total revenue	246,862	121,861	59,909	406,642	805,910	166,344	-	(106,620)	1,700,908
Operating profit	94,841	23,166	51,052	14,635	72,847	27,006	(1,842)	(13,988)	267,717
Finance costs									(45,241)
Share of results of associates and joint ventures									9,475
Profit before tax									231,951

7. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 30 June 2023									
Revenue									
External revenue	328,721	205,122	98,646	862,387	1,364,748	380,037	-	-	3,239,661
Inter-segment revenue	-	14,643	23,856	4,282	123,803	53,081	-	(219,665)	-
Total revenue	328,721	219,765	122,502	866,669	1,488,551	433,118	-	(219,665)	3,239,661
Operating profit	46,255	42,974	84,825	44,284	118,172	82,692	(257)	(77,000)	341,945
Finance costs									(105,468)
Other gain item									594,979
Share of results of associates and joint ventures									17,334
Profit before tax									848,790
Segment assets	2,380,571	8,067,029	2,454,353	793,431	1,421,106	1,817,870	1,624,455	-	18,558,815
Segment liabilities	65,628	1,367,575	834,404	322,157	593,975	1,122,077	4,897,636	-	9,203,452
Year-to-date ended 30 June 2022									
Revenue									
External revenue	489,015	241,185	94,801	765,241	1,497,618	258,436	-	-	3,346,296
Inter-segment revenue	-	11,733	26,725	12,739	93,819	44,362	-	(189,378)	-
Total revenue	489,015	252,918	121,526	777,980	1,591,437	302,798	-	(189,378)	3,346,296
Operating profit	220,437	81,953	100,276	25,567	147,600	47,620	(3,037)	(50,845)	569,571
Finance costs									(87,369)
Share of results of associates and joint ventures									15,911
Profit before tax									498,113
Segment assets	2,445,611	7,385,244	3,196,583	678,525	1,705,777	1,273,496	976,953	-	17,662,189
Segment liabilities	55,381	1,115,460	1,415,326	246,200	886,889	805,803	4,409,488	-	8,934,547

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

Save for the subsequent events disclosed in Note 10 of Part B, events after the end of the interim period and up to 18 August 2023 that have not been reflected in these interim financial statements are as follows:-

(a) On 12 July 2023 [“said date”], *Hap Seng Hospitality Sdn Bhd [“HS Hospitality”] and *Hap Seng Land Development Sdn Bhd [“HSLD”], entered into a shares sale agreement with Gek Poh (Holdings) Sdn Bhd [“Gek Poh”], the holding company of the Company, pursuant to which HS Hospitality and HSLD had agreed to dispose of the entire 50,500,000 ordinary shares representing 100% of the issued share capital of *Richmore Development Sdn Bhd [“Richmore”] for a total cash consideration of RM51,000,000 [“Sale Consideration” and “Richmore Disposal”]. HS Hospitality and HSLD were the 99.01% and 0.99% shareholders of Richmore before the Richmore Disposal.

Richmore is the registered owner of all that parcel of freehold commercial land held under Geran 73427, Lot 234 situated at Section 63, Town of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan KL measuring approximately 3,796.333 square meters with partial construction and development thereon of a 41-storey serviced apartment with 3 basement level of car parks known as “Marriott Executive Apartments Kuala Lumpur”.

The Richmore 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”] is a 56% major shareholder and a director of Gek Poh. Gek Poh’s aggregate shareholdings in the Company is 62.64%, comprising 54.63% direct and 8.01% indirect shareholdings 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 Richmore Disposal.

As at the said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh and a director of Richmore. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh and Richmore. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Richmore Disposal. As such, they have abstained from all deliberations and voting on the resolution pertaining to the Richmore Disposal.

The Richmore Disposal was completed on 14 July 2023 with the receipt of the Sale Consideration in full from Gek Poh. Richmore ceased to be a wholly-owned subsidiary of the Company and accordingly, Richmore’s liabilities amounting to RM212.5 million were de-consolidated from HSCB Group.

(b) As announced by the Company on 14 July 2023, *Hap Seng Star Sdn Bhd [“HSS”] had on even date entered into an agency agreement and service dealer agreement [“said Agreements”] with Mercedes-Benz Malaysia Sdn Bhd [“MBM”], both dated 14 July 2023.

Pursuant to the said Agreements, HSS will be appointed by MBM as:

(i) a non-exclusive agent to broker sales of Mercedes-Benz passenger vehicles and to support MBM in the performance and fulfilment of MBM’s direct sales to end-customers in Malaysia; and

(ii) a non-exclusive service dealer for the service of Mercedes-Benz passenger vehicles in Malaysia,

with effect from 1 September 2023 [“Effective Date”].

Pending the Effective Date, HSS will continue to represent MBM for the Mercedes-Benz passenger vehicle sales in Malaysia based on the present dealership model.

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

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.

(c) On 26 May 2023, Hafary Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited, a 50.82%-owned listed subsidiary of the Company, incorporated a wholly-owned subsidiary namely, MML x Element International Pte Ltd [“MML x Element”] in Singapore with an issued share capital of S$100.00 comprising 100 ordinary shares. MML x Element is principally involved in export distribution and wholesale trade of building materials (tiles and ceramic surfacing solutions).

* *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 August 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 30.6.2023 RM’000	**As at 31.12.2022** RM’000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	647,077	816,171
- investment properties	459,913	487,434
	1,106,990	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 meetings held on 26 May 2022 and 25 May 2023, 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) [“HCML Disposal”].

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

The HCML Disposal was approved of by the non-interested shareholders at the extraordinary general meeting of the Company held on 25 May 2023 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. HCML Disposal was completed on 2 June 2023 and HCML ceased to be a wholly-owned subsidiary of the Company.

* *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 RM1.65 billion was 3% below the preceding year corresponding quarter of RM1.7 billion mainly due to lower revenue from Plantation and Trading Divisions. Group's operating profit for the current quarter at RM176.9 million was 34% lower than the preceding year corresponding quarter of RM267.7 million attributable to lower profit contribution from Plantation and Credit Financing Divisions.

Plantation Division's revenue for the current quarter at RM168.8 million was 32% lower than the preceding year corresponding quarter of RM246.9 million mainly due to lower average selling price of all palm products but mitigated by higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"]. Average selling price per tonne of CPO and PK for the current quarter were lower at RM3,978 and RM2,168 respectively as compared to the preceding year corresponding quarter of RM6,737 for CPO and RM3,769 for PK. CPO sales volume for the current quarter at 37,635 tonnes was 17% above the preceding year corresponding quarter of 32,044 tonnes whilst PK sales volume was 11% higher at 7,604 tonnes as compared to the preceding year corresponding quarter of 6,847 tonnes, mainly benefitted from higher production. Production of CPO and PK in the current quarter were higher than the preceding year corresponding quarter by 16% and 12% respectively attributable to higher fresh fruit bunches ["FFB"] production, higher volume of FFB purchased and higher CPO extraction rate. Current quarter's FFB production was 10% higher than the preceding year corresponding quarter, benefitted from higher FFB yield due to seasonal yield trend and changes in cropping patterns. Production costs continued to be affected by high fertilizer and diesel prices, and the increase in minimum wage from RM1,100 to RM1,500 effective from 31 May 2022. Overall, operating profit for the current quarter at RM14 million was 85% lower than the preceding year corresponding quarter of RM94.8 million, also affected by higher loss from fair value adjustments of biological assets.

Property Division's revenue for the current quarter at RM121.6 million was in line with the preceding year corresponding quarter of RM121.9 million. The property investment segment registered 7% growth in rental revenue. The hospitality segment's first 5-star hotel, Hyatt Centric in Kota Kinabalu, which commenced operations in October 2022 contributed positively to the division's revenue for the current quarter. The property development segment's revenue declined by 10% in the current quarter mainly due to lower units sold in both East and Peninsular Malaysia but registered higher profit contribution from better average margins achieved. Overall, the division's operating profit for the current quarter at RM24.3 million was 5% higher than the preceding year corresponding quarter of RM23.2 million.

Credit Financing Division's loan base at the end of the current quarter at RM2.61 billion was 14% below the preceding year corresponding quarter of RM3.03 billion as the division continues to be prudent in its loan approval process in view of the elevated interest rate and economic uncertainties surrounding its sectors of financing. The reduced loan base was also attributable to the divestment of its Manchester operations in United Kingdom via the disposal of HS Credit (Manchester) Ltd ["HCML"] during the current quarter. Nevertheless, the division's revenue for the current quarter at RM60.6 million was marginally higher than the preceding year corresponding quarter of RM59.9 million attributable to reversal of interest in suspense in respect to the continuing normalisation of loans under the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Guarantee Scheme. Non-performing loans ["NPL"] ratio at the end of the current quarter was 2.99% as compared to 2.12% at the end of the preceding year corresponding quarter due to lower loan base and higher NPL which resulted in higher provision for impairment of loans during the current quarter. Consequently, the division's operating profit for the current quarter at RM42.6 million was 17% lower than the preceding year corresponding quarter of RM51.1 million.

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

Automotive Division's revenue for the current quarter at RM398.8 million was marginally below the preceding year corresponding quarter of RM406.6 million due to lower revenue from both its passenger car and commercial vehicle segments. The passenger car segment's revenue for the current quarter was marginally lower than the preceding year corresponding quarter. Revenue from passenger car sales was lower due to 13% decrease in volume of cars sold after the end of the sales tax exemption on 31 March 2023. This was offset by higher revenue from after sales and services segment supported by 5% increase in throughput. The commercial vehicle segment's revenue was 7% lower as compared to the preceding year corresponding quarter, affected by lower sales of Actros from both its wholesale distribution and retail businesses. Inspite of the lower revenue, the division's operating profit for the current quarter at RM15.1 million was 3% higher than the preceding year corresponding quarter of RM14.6 million, benefitted from improved profit margins from both its passenger car and commercial vehicle segments.

Trading Division's fertilizers trading business maintained its revenue for the current quarter as compared to the preceding year corresponding quarter, with higher sales volume but offset by lower average selling price in both its Malaysian and Indonesian markets in tandem with the decline in global fertilizer prices from its peak last year. The general trading business' revenue for the current quarter was lower than the preceding year corresponding quarter mainly due to lower average selling price of its petroleum products and reorganization of its tiles business to the Building Materials Division under Hafary Holdings Limited ["Hafary"]. Overall, Trading Division's revenue for the current quarter at RM785.2 million was 3% lower than the preceding year corresponding quarter of RM805.9 million. Nevertheless, the division's operating profit for the current quarter at RM73.3 million was marginally above the preceding year corresponding quarter of RM72.8 million, benefitted from higher foreign exchange gain from its fertilizers trading business.

Building Materials Division comprises the quarry, asphalt and bricks businesses, and the building materials trading business of Hafary. In the current quarter, revenue from quarry, asphalt and bricks businesses was in line with the preceding year corresponding quarter whilst Hafary's revenue was 51% above the preceding year corresponding quarter with higher sales from both its project and general sectors in tandem with the growth in Singapore construction sector and the active renovation market. Overall, the division's revenue for the current quarter at RM230.5 million was 39% higher than the preceding year corresponding quarter of RM166.3 million mainly attributable to higher revenue from Hafary. Consequently, the division's operating profit for the current quarter at RM42.5 million was 57% higher than the preceding year corresponding quarter of RM27 million.

In the current quarter, the Group completed the disposal of HCML as disclosed in Note 13 of Part A, resulting in a gain of RM595 million. Consequently, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM729.1 million and RM682.3 million were significantly higher than the preceding year corresponding quarter by 214% and 310% respectively. Group PBT and PAT for the year-to-date at RM848.8 million and RM754.9 million were higher than the preceding year corresponding period by 70% and 117% respectively.

Accordingly, profit attributable to owners of the Company for the year-to-date at RM712.7 million and basic earnings per share for the year-to-date at 28.62 sen were both 147% higher than the preceding year corresponding period.

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

	Current Quarter ended 30.6.2023 RM'000	**Immediate Preceding Quarter ended 31.3.2023** RM'000	***Increase/ (Decrease)***
Revenue	1,648,358	1,591,303	*4%*
Operating profit	176,944	165,001	*7%*
Profit before tax	729,052	119,738	*509%*

Group PBT for the current quarter at RM729.1 million was significantly higher than the immediate preceding quarter of RM119.7 million mainly attributable to the gain arising from the disposal of HCML. Excluding the gain, Group PBT at RM134.1 million was 12% higher than the immediate preceding quarter mainly due to higher contribution from Property and Trading Divisions but reduced by lower contribution from Plantation Division.

Property Division's operating profit for the current quarter at RM24.3 million was 30% higher than the immediate preceding quarter of RM18.7 million, benefitted from higher sales of completed project stocks in both East and Peninsular Malaysia.

Trading Division's operating profit for the current quarter at RM73.3 million was 64% higher than the immediate preceding quarter of RM44.8 million mainly due to higher sales and higher profit margin from its fertilizers trading business.

Plantation Division's operating profit for the current quarter at RM14 million was 57% lower than the immediate preceding quarter of RM32.3 million inspite of higher revenue, mainly due to higher operating expenses for the current quarter and loss from fair value adjustments of biological assets.

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3. **Current year prospects**

Bank Negara Malaysia ["BNM"] in its Monetary Policy Statement dated 6 July 2023 mentioned that: *"The global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. Global growth, however, remains weighed down by persistent core inflation and higher interest rates."* It further mentioned that: *"Following a strong outturn in the first quarter of the year, the Malaysian economy expanded at a more moderate pace in recent months as exports were weighed down by slower external demand, as expected. Growth for the remainder of the year will continue to be driven by resilient domestic demand. Household spending continues to be underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors."* The Monetary Policy Committee of BNM in its meeting on 6 July 2023 has decided to maintain the Overnight Policy Rate ["OPR"] at 3%.

Malaysia's palm oil inventories at the end of July 2023 at 1.73 million tonnes was at its 5-month peak and marginally above the previous month on the back of higher palm oil production as FFB production is in its upward seasonal yield trend but mitigated by higher palm oil exports which rose by 15.5%. Palm oil exports are expected to increase further in August and September as major palm oil importing countries, such as India, China, Bangladesh and Pakistan are expected to take advantage of the current wide price discounts of palm oil to soyoil and sunflower oil. Prices of soyoil and sunflower oil have increased recently due to concerns of lower global soybeans production and uncertainties of Black Sea sunflower oil supply after Russia withdrew from the Black Sea Grain Initiative and caused hostilities in Odesa, one of Ukraine's main ports for exporting grain. The current palm oil price discounts to competing soft oils are likely to narrow as rising exports would reduce the palm oil inventories in both Malaysia and Indonesia which may render improved palm oil price . Average CPO price per tonne in July 2023 was RM3,897 and in the first ten days of August 2023, daily prices ranged between RM3,723.50 to RM3,846.50 per tonne. Production costs are expected to remain high due to inflationary pressures and the high prices of fertilizer, diesel and other input materials as well as higher labour cost. To mitigate this, the Group's Plantation Division continues to focus on improving FFB yield and extraction rates whilst making concerted efforts to improve overall cost efficiencies of its operations.

The Malaysian property market is expected to remain challenging in the second half of the year amid the continuing cautious house buyers' sentiments and higher borrowing costs. The Group's Property Division will continue to put concerted efforts to drive property sales and optimise occupancy rates and rental yield of its investment properties which are expected to continue to perform favourably. Its hospitality segment is expected to benefit from the continuing growth in the tourism sector with improving tourist arrivals.

The Credit Financing Division expects the economic conditions to remain challenging in view of elevated interest rates and economic uncertainties surrounding its sectors of financing. The division will continue to exercise prudent lending and constantly review its lending policies to manage operational risks and be vigilant to changes in the economic and financing landscapes surrounding its business. Emphasis will be on loan collections, minimizing NPL, improving net interest margin and to maintain a stable and sustainable loan portfolio.

The Malaysian Automotive Association has revised upwards the total industry volume for 2023 to 725,000 units (652,500 units of passenger cars and 72,500 units of commercial vehicles) from the earlier forecast of 650,000 units (585,000 units of passenger cars and 65,000 units of commercial vehicles) in view of the strong performance. The domestic automotive industry in the first half of the year grew by 10.3% year-on-year, supported by the resilient domestic demand, new model launches, improved industry supply chain environment and BNM's decision to maintain the OPR at 3%. The Automotive Division's passenger car segment via Hap Seng Star Sdn Bhd will be transitioning its passenger car sales business model from its existing dealership model to the new agency model with effect from 1 September 2023 as announced on 14 July 2023, which is pursuant to Daimler's worldwide strategy of retailing cars of the future in a digital and technological era. The after sales and services segment's business model remain unchanged. Overall, the division is expected to continue to benefit from its strong market network and excellent after sales and services segment whilst its body and paint centre will further broaden its service offering and network.

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

The Trading Division expects fertilizers prices to stabilise in the second half of the year, bolstered by a recovery in seasonal demand in Brazil, India and Southeast Asia. However, any escalation of geopolitical tensions in Eastern Europe may disrupt Russian and Belarussian exports and may trigger a price increase. General trading business is expected to benefit from sustained growth in the Malaysian construction sector, boosted by the increase of construction activities for both residential and non-residential developments. The division will continue to focus on improving trading margins and managing inventories and receivables to mitigate operational risks and protect its profitability.

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 demand in both its general and project sectors to be underpinned by the increase in private residential sales and resale transactions in the second half of the year, and the strong pipeline of public housing projects in Singapore as the Housing Development Board continues to ramp-up Build-To-Order flats supply.

Based on the foregoing, the Board is 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	
	30.6.2023	**30.6.2022**	**30.6.2023**	**30.6.2022**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	7,770	5,598	15,351	9,732
Dividend income from equity investment at fair value through other comprehensive income	187	187	375	375
Dividend income from money market deposits	2,835	363	12,771	1,563
Gain on money market deposits at fair value	14,138	5,216	15,190	10,909
Interest expense	(54,705)	(45,241)	(105,468)	(87,369)
Depreciation and amortisation	(53,308)	(47,986)	(105,235)	(95,774)
Net (allowance)/reversal of impairment losses				
- trade receivables	(9,785)	2,090	(18,277)	(91)
(Net inventories written down)/ net reversal of inventories written down	(5,403)	213	(248)	(3,006)
Gain on disposal of property, plant and equipment	14	1,616	312	1,752
Property, plant and equipment written off	(2,326)	(27)	(3,200)	(38)
Bad debts written off	(3)	(86)	(44)	(86)
Net foreign exchange gain/(loss)	3,173	4,379	(11,869)	4,408
Net gain on non-hedging derivative instruments	9,253	2,062	14,608	5,544
Net (loss)/gain from fair value adjustments of biological assets	(4,296)	(540)	(1,964)	8,144
Recovery of bad debts	25	59	197	217
Other gain item				
- Gain on disposal of a subsidiary	594,979	-	594,979	-

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	
	30.6.2023	**30.6.2022**	**30.6.2023**	**30.6.2022**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	44,859	67,689	89,129	152,238
- deferred tax	2,028	(1,994)	4,818	(2,729)
	46,887	65,695	93,947	149,509
In respect of prior periods				
- income tax	(102)	26	(102)	26
	46,785	65,721	93,845	149,535

The Group's effective tax rate (excluding over provision of tax in respect of prior periods) for the current quarter and year-to-date were significantly lower than the statutory tax rate mainly due to capital gain not subjected to tax but increased somewhat by certain expenses non-deductible for tax purposes.

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

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 August 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**

(a) 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	Proposed Utilisation **Adjusted	As at 30 June 2023 Utilisation	Deviation under/(over) spent		Explanation
	RM'000	RM'000	RM'000	RM'000	%	
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).*

8. **Status of the utilisation of proceeds from corporate proposals (continued)**

(b) On 2 June 2023, HSC Manchester Holding Pte Ltd, a wholly-owned subsidiary of the Company, completed the disposal of its 100% equity interest in HS Credit (Manchester) Ltd to Lei Shing Hong Capital Limited ["HCML Disposal"]. The status of the utilisation of proceeds from HCML Disposal is as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	Proposed Utilisation **Adjusted RM'000	As at 30 June 2023 Utilisation RM'000	As at 30 June 2023 Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Repayment of borrowings	650,000	650,000	5,978	644,022	Within 36 months from completion	-	-	No deviation was computed as the proceeds have not been fully utilised yet and are still within the intended timeframe for utilisation
Working capital requirements:								
Purchase of inventories								
(a) fertilizers	100,000	100,000	10,000	90,000		-	-	
(b) automobiles	50,000	50,000	-	50,000		-	-	
(c) building materials such as steel bars and cement	36,438	78,303	-	# 78,510		-	-	
	186,438	228,303	10,000	218,510		-	-	
Estimated expenses	900	900	693	-	Within 1 month from completion	207	23	The estimated expenses not utilised have been deployed for working capital requirements, item (c) #
	837,338	879,203	16,671	862,532		207		

* *Circular to Shareholders dated 27 April 2023.*

** *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 addition to proceeds by RM41.865 million which allocated to 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 upsized the 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 30.6.2023 *(Unaudited)*							
	Denominated in							
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	JPY RM'000	RMB RM'000	Total RM'000
<u>Current</u>								
Secured								
- Term loans	-	-	43,157	-	-	-	-	43,157
- Revolving credits	-	-	186,865	-	-	-	-	186,865
	-	-	230,022	-	-	-	-	230,022
Unsecured								
- Term loans	288,811	18,728	-	-	-	-	-	307,539
- Revolving credits	484,500	93,640	-	-	110,461	-	-	688,601
- Trust receipts	-	-	43,432	42,318	-	-	-	85,750
- Bankers' acceptances	162,314	15,807	-	16,227	-	11,021	1,536	206,905
- Medium term notes	1,135,000	-	-	-	-	-	-	1,135,000
	2,070,625	128,175	43,432	58,545	110,461	11,021	1,536	2,423,795
Total current borrowings	2,070,625	128,175	273,454	58,545	110,461	11,021	1,536	2,653,817
<u>Non-current</u>								
Secured								
- Term loans	-	-	607,342	-	-	-	-	607,342
Unsecured								
- Term loans	400,285	589,932	-	-	-	-	-	990,217
- Medium term notes	3,095,000	-	-	-	-	-	-	3,095,000
	3,495,285	589,932	-	-	-	-	-	4,085,217
Total non-current borrowings	3,495,285	589,932	607,342	-	-	-	-	4,692,559
Total borrowings	5,565,910	718,107	880,796	58,545	110,461	11,021	1,536	7,346,376

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 RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	JPY RM'000	Total 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. Parties have filed their written submissions to the Court on 7 July 2023. A further case management date has been fixed on 30 August 2023 to set 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. Parties have filed their written submissions to the Court on 7 July 2023. A further case management date has been fixed on 30 August 2023 to set 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 30 June 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)					
- Designated as hedging instruments*	-	-	1,528	(1,440)	88
- Not designated as hedging instruments	427,859	12,091	23,435	(8,827)	14,608
	427,859	12,091	24,963	(10,267)	14,696
Cross currency interest rate swaps on foreign currency borrowings of less than 2 years (USD)					
- Designated as hedging instruments*	633,040	71,904	35,432	(26,256)	9,176

* *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's moneylending operation is undertaken by its subsidiary, Hap Seng Credit Sdn Bhd in the ordinary course of its moneylending business. The aggregate amount of outstanding loans as at 30 June 2023 given by the moneylending subsidiary are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	1,776,362	-	1,776,362
(b)	To individuals	298,918	1,168	300,086
(c)	To companies within the listed issuer group	496,766	36,938	533,704
(d)	To related parties	-	-	-
		2,572,046	38,106	2,610,152

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

		As at 30.6.2023
		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	811,498
		811,498

(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	32,264
(c)	Loans reclassified as performing during the financial year	(7,655)
(d)	Amount recovered	(6,428)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 30.6.2023	78,162
(h)	Ratio of net loans in default to net loans	2.99%

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

Moneylending operations (continued)

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

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1st	Term Loan	420,000	419,812	Yes	467,834	Yes*	3 – 96
2nd	Term Loan	201,183	#231,586	Yes	376,040	No	116
3rd	Term Loan	191,000	76,954	Yes	67,000	Yes*	60
4th	Term Loan	83,740	45,194	Yes	300,000	No	19
5th	Term Loan	49,342	36,398	No	-	Yes*	51

* *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 as follows:

	Quarter ended		**Year-to-date ended**	
	30.6.2023	**30.6.2022**	**30.6.2023**	**30.6.2022**
Profit attributable to owners of the Company (RM'000)	661,894	132,583	712,659	288,886
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)	26.59	5.33	28.62	11.60

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

15. **Dividend**

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

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
24 August 2023