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

	Quarter ended			Year-to-date ended		
	30.9.2023 RM'000	**30.9.2022** RM'000	***Increase/ (Decrease)***	**30.9.2023** RM'000	**30.9.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,537,389	1,973,154	*(22%)*	4,777,050	5,319,450	*(10%)*
Operating expenses	(1,321,408)	(1,715,533)		(4,236,684)	(4,516,869)	
Net other operating income/(expense)	(43,429)	(6,084)		(25,869)	18,527	
Operating profit	172,552	251,537	*(31%)*	514,497	821,108	*(37%)*
Finance costs	(48,841)	(37,448)		(154,309)	(124,817)	
Other gain items	5,305	425,099		600,284	425,099	
Share of results of associates and joint ventures	9,514	8,140		26,848	24,051	
Profit before tax	138,530	647,328	*(79%)*	987,320	1,145,441	*(14%)*
Tax expense	(55,206)	(55,419)		(149,051)	(204,954)	
Profit for the period	83,324	591,909	*(86%)*	838,269	940,487	*(11%)*
Profit attributable to:						
Owners of the Company	50,302	563,746	*(91%)*	762,961	852,632	*(11%)*
Non-controlling interests	33,022	28,163		75,308	87,855	
	83,324	591,909		838,269	940,487	
Earnings per share (sen)						
Basic	2.02	22.64	*(91%)*	30.65	34.25	*(11%)*
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 THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023

	Quarter ended		Year-to-date ended	
	30.9.2023	**30.9.2022**	**30.9.2023**	**30.9.2022**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	83,324	591,909	838,269	940,487
Other comprehensive (expense)/income net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(22,805)	13,438	27,120	(6,459)
Share of foreign currency translation differences of associates and joint ventures	(4,077)	308	2,451	784
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	(14,898)	(12,519)	(14,898)
Change in fair value of cash flow hedge	(1,471)	(15,265)	7,793	(14,501)
Total other comprehensive (expense)/income for the period	(28,353)	(16,417)	24,845	(35,074)
Total comprehensive income for the period	54,971	575,492	863,114	905,413
Total comprehensive income attributable to:				
Owners of the Company	23,225	545,743	779,163	813,194
Non-controlling interests	31,746	29,749	83,951	92,219
	54,971	575,492	863,114	905,413

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 SEPTEMBER 2023

	As at 30.9.2023 RM'000	As at 31.12.2022 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,616,141	4,761,399
Investment properties	2,602,800	2,239,728
Investment in associates	504,153	488,213
Investment in joint ventures	6,206	9,295
Land held for property development	2,585,837	2,458,233
Intangible assets	37,758	37,834
Trade and other receivables	1,264,059	1,661,169
Other financial assets	16,164	48,118
Deferred tax assets	48,516	54,620
	11,681,634	11,758,609
Current assets		
Inventories	1,492,402	1,955,393
Property development costs	177,348	178,691
Biological assets	41,567	28,508
Trade and other receivables	1,676,695	1,718,239
Contract assets	22,543	22,420
Tax recoverable	140,536	125,710
Other financial assets	76,832	10,749
Money market deposits	1,429,548	1,423,946
Cash and bank balances	2,273,724	1,431,980
	7,331,195	6,895,636
TOTAL ASSETS	19,012,829	18,654,245

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

	As at 30.9.2023 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	4,684,416	4,154,220
	8,203,970	7,673,774
Less: Treasury shares	(113)	(113)
	8,203,857	7,673,661
Non-controlling interests	1,364,210	1,320,562
TOTAL EQUITY	9,568,067	8,994,223
Non-current liabilities		
Trade and other payables	194,382	191,970
Contract liabilities	37,023	55,323
Employee benefits	3,228	3,122
Borrowings	4,205,872	4,547,235
Lease liabilities	108,749	117,515
Deferred tax liabilities	493,030	494,110
	5,042,284	5,409,275
Current liabilities		
Trade and other payables	1,075,278	1,235,811
Contract liabilities	83,702	85,932
Provisions	317,976	318,166
Tax payable	58,793	47,616
Borrowings	2,840,036	2,521,765
Lease liabilities	23,781	22,301
Other financial liabilities	2,912	19,156
	4,402,478	4,250,747
TOTAL LIABILITIES	9,444,762	9,660,022
TOTAL EQUITY AND LIABILITIES	19,012,829	18,654,245
Net assets per share (RM)	3.30	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 SEPTEMBER 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	-	-	762,961	-	762,961	75,308	838,269
Total other comprehensive income for the period	-	16,202	-	-	16,202	8,643	24,845
Total comprehensive income for the period	-	16,202	762,961	-	779,163	83,951	863,114
Changes in ownership status of an investment	-	-	-	-	-	3,865	3,865
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(44,168)	(44,168)
At 30 September 2023	3,519,554	134,856	4,549,560	(113)	8,203,857	1,364,210	9,568,067
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	-	-	852,632	-	852,632	87,855	940,487
Total other comprehensive expense for the period	-	(39,438)	-	-	(39,438)	4,364	(35,074)
Total comprehensive income for the period	-	(39,438)	852,632	-	813,194	92,219	905,413
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	-	-	-	-	-	(60,748)	(60,748)
At 30 September 2022	3,519,554	118,936	4,435,477	(113)	8,073,854	1,307,408	9,381,262

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 SEPTEMBER 2023

	Year-to-date ended 30.9.2023 RM'000	Year-to-date ended 30.9.2022 RM'000
Cash flows from operating activities		
Profit before tax	987,320	1,145,441
Adjustments for:		
Non-cash items	213,002	125,832
Non-operating items	(628,241)	(453,451)
Dividend income	(18,338)	(2,417)
Net interest expense	124,696	105,246
Operating profit before working capital changes	678,439	920,651
Net changes in working capital	377,543	(1,320,883)
Net changes in loan receivables	152,305	269,700
Net tax paid	(150,140)	(293,993)
Net interest paid	(214,012)	(143,096)
Net changes in land held for property development	(56,820)	(53,510)
Net cash flows generated from/(used in) operating activities	787,315	(621,131)
Cash flows from investing activities		
Dividends received from associates and a joint venture	12,443	8,475
Dividends received from equity investments at fair value through other comprehensive income	-	1,350
Dividends received from money market deposits	17,776	1,855
Decrease in money market deposits	40,021	434,072
Change in ownership status of an investment	3,665	-
Disposal of subsidiaries net of cash disposed	831,836	627,442
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	6,315	10,939
Purchase of property, plant and equipment	(249,372)	(281,167)
Additions to investment properties	(409,255)	(35,535)
Net cash flows generated from investing activities	253,429	848,236
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(293,135)	(312,414)
Net drawdown of borrowings	102,899	426,706
Payment of lease liabilities	(19,035)	(20,801)
Net cash flows (used in)/generated from financing activities	(209,271)	93,491
Net increase in cash and cash equivalents	831,473	320,596
Effects on exchange rate changes	10,271	13,553
Cash and cash equivalents at beginning of the period	1,431,980	1,225,957
Cash and cash equivalents at end of the period	2,273,724	1,560,106
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	1,398,996	1,075,916
Cash in hand and at bank	874,728	484,190
	2,273,724	1,560,106

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 September 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	
	30.9.2023	**30.9.2022**
	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 September 2023									
Revenue									
External revenue	164,555	122,100	44,822	311,013	669,187	225,712	-	-	1,537,389
Inter-segment revenue	-	6,703	12,264	4,550	57,745	30,922	-	(112,184)	-
Total revenue	164,555	128,803	57,086	315,563	726,932	256,634	-	(112,184)	1,537,389
Operating profit	49,959	(55,200)	31,578	15,732	72,962	56,568	22,385	(21,432)	172,552
Finance costs									(48,841)
Other gain item									5,305
Share of results of associates and joint ventures									9,514
Profit before tax									138,530
Preceding year quarter ended 30 September 2022									
Revenue									
External revenue	181,987	140,553	45,562	461,794	977,147	166,111	-	-	1,973,154
Inter-segment revenue	-	6,380	11,781	8,594	55,888	26,219	-	(108,862)	-
Total revenue	181,987	146,933	57,343	470,388	1,033,035	192,330	-	(108,862)	1,973,154
Operating profit	18,002	29,720	51,426	22,424	96,563	45,265	2,501	(14,364)	251,537
Finance costs									(37,448)
Other gain item									425,099
Share of results of associates and joint ventures									8,140
Profit before tax									647,328

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 September 2023									
Revenue									
External revenue	493,276	327,222	143,468	1,173,400	2,033,935	605,749	-	-	4,777,050
Inter-segment revenue	-	21,346	36,120	8,832	181,548	84,003	-	(331,849)	-
Total revenue	493,276	348,568	179,588	1,182,232	2,215,483	689,752	-	(331,849)	4,777,050
Operating profit	96,214	(12,226)	116,403	60,016	191,134	139,260	22,128	(98,432)	514,497
Finance costs									(154,309)
Other gain items									600,284
Share of results of associates and joint ventures									26,848
Profit before tax									987,320
Segment assets	2,415,949	7,868,689	2,407,301	689,346	1,375,564	1,831,085	1,725,484	-	18,313,418
Segment liabilities	70,257	1,306,571	944,796	204,580	427,777	1,125,478	4,813,480	-	8,892,939
Year-to-date ended 30 September 2022									
Revenue									
External revenue	671,002	381,738	140,363	1,227,035	2,474,765	424,547	-	-	5,319,450
Inter-segment revenue	-	18,113	38,506	21,333	149,707	70,581	-	(298,240)	-
Total revenue	671,002	399,851	178,869	1,248,368	2,624,472	495,128	-	(298,240)	5,319,450
Operating profit	238,439	111,673	151,702	47,991	244,163	92,885	(536)	(65,209)	821,108
Finance costs									(124,817)
Other gain item									425,099
Share of results of associates and joint ventures									24,051
Profit before tax									1,145,441
Segment assets	2,390,023	7,714,080	2,816,191	729,763	1,899,721	1,325,486	1,091,505	-	17,966,769
Segment liabilities	59,785	1,109,792	1,002,756	239,343	997,913	830,854	4,483,949	-	8,724,392

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 15 November 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.

(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 15 November 2023, other than the following:

As announced by the Company on 14 July 2023, Hap Seng Star Sdn Bhd [“HSS”], a wholly-owned subsidiary of the Company, 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,

On 1 September 2023, HSS became one of the Mercedes-Benz passenger vehicle agencies in Malaysia.

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 30.9.2023 RM'000	As at 31.12.2022 RM'000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	585,624	816,171
- investment properties	440,499	487,434
	1,026,123	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:

(a) 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.

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

(b) 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, 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 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 HSIS. 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.

* *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 RM1.54 billion was 22% lower than the preceding year corresponding quarter of RM1.97 billion due to lower revenue from all divisions except Credit Financing and Building Materials Divisions. Group's operating profit for the current quarter at RM172.6 million was 31% lower than the preceding year corresponding quarter of RM251.5 million due to lower profit contribution from Property, Credit Financing, Automotive and Trading Divisions but mitigated by higher profit contribution from Plantation and Building Materials Divisions.

Plantation Division's revenue for the current quarter at RM164.6 million was 10% lower than the preceding year corresponding quarter of RM182 million mainly due to lower average selling price but mitigated by higher sales volume of all the palm products. Average selling price of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] for the current quarter at RM3,924 per tonne and RM2,142 per tonne respectively were both lower than the preceding year corresponding quarter of RM5,219 per tonne for CPO and RM2,543 per tonne for PK. CPO sales volume for the current quarter at 36,726 tonnes was 18% above the preceding year corresponding quarter whilst PK sales volume was 25% higher at 8,167 tonnes, benefitted from higher production. Current quarter's CPO and PK production were higher by 17% and 21% respectively as compared to the preceding year corresponding quarter mainly attributable to higher fresh fruit bunches ["FFB"] production, higher volume of FFB purchased and higher extraction rates. FFB production in the current quarter was 12% above the preceding year corresponding quarter due to seasonal yield trend and changes in cropping patterns. Accordingly, unit production cost was lower in the current quarter. In the current quarter, the division benefitted from a gain from fair value adjustments of biological assets of RM15 million as compared to a loss of RM24.2 million in the preceding year corresponding quarter. Consequently, operating profit for the current quarter at RM50 million was significantly higher than the preceding year corresponding quarter of RM18 million.

Property Division's revenue for the current quarter at RM128.8 million was 12% lower than the preceding year corresponding quarter of RM146.9 million mainly due to lower sales from property development segment but mitigated by contribution from its hospitality segment. The property development segment's revenue was mainly affected by lower units sold in both East and Peninsular Malaysia. The hospitality segment's first 5-star hotel, Hyatt Centric in Kota Kinabalu, which commenced operations in October 2022 continued to contribute positively to the division's revenue with healthy occupancy rates. The investment properties segment was affected by a loss from fair value adjustments. Consequently, an operating loss of RM55.2 million was incurred for the current quarter as compared to the preceding year corresponding quarter's operating profit of RM29.7 million.

Credit Financing Division continues to exercise prudent lending in view of the uncertainties surrounding its sectors of financing. Loan base at the end of the current quarter was RM2.53 billion, 12% lower than the preceding year corresponding quarter of RM2.87 billion due to lower disbursements and also the divestment of its Manchester operations in United Kingdom via HS Credit (Manchester) Ltd ["HCML"] which was completed on 2 June 2023. Nevertheless, the division's revenue for the current quarter at RM57.1 million approximates that of the preceding year corresponding quarter of RM57.3 million, benefitted from reversal of interest in suspense with the continuing normalisation of loans under the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Guarantee Scheme. Non-performing loans ["NPL"] ratio was higher at 3.08% at the end of the current quarter as compared to 2.32% at the end of the preceding year corresponding quarter due to lower loan base and higher NPL. Consequently, the division's operating profit for the current quarter at RM31.6 million was 39% lower than the preceding year corresponding quarter of RM51.4 million.

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

Automotive Division's revenue for the current quarter at RM315.6 million was 33% lower than the preceding year corresponding quarter of RM470.4 million, affected by lower sales from both its passenger car and commercial vehicle segments. The division has transitioned its new passenger car sales business from the dealership model to the new agency model with effect from 1 September 2023 whilst after sales and services segment remained unchanged. Under the new agency model, revenue from new car sales comprised commission income only. Accordingly, the division's revenue was affected. Revenue from passenger cars segment was 38% lower than the preceding year corresponding quarter mainly due to lower volume of cars sold after the end of the sales tax exemption on 31 March 2023, and the lower revenue recognition under the new agency model for one month. The commercial vehicle segment's revenue was 11% lower than the preceding year corresponding quarter mainly due to lower sales volume of Actros and Fuso trucks from both its wholesale distribution and retail businesses. Consequently, the division's operating profit for the current quarter at RM15.7 million was 30% below the preceding year corresponding quarter of RM22.4 million.

Trading Division's revenue for the current quarter at RM726.9 million was 30% lower than the preceding year corresponding quarter with lower revenue from both its fertilizers and general trading businesses. The fertilizers trading business' revenue was 34% below the preceding year corresponding quarter mainly affected by lower average selling price in both its Malaysian and Indonesian markets in tandem with the normalisation of global fertilizer prices. The general trading business' revenue was 9% lower than the preceding year corresponding quarter mainly due to the reorganization of its tiles business to the Building Materials Division under Hafary Holdings Limited ["Hafary"]. Overall, the division's operating profit for the current quarter at RM73 million was 24% lower than the preceding year corresponding quarter of RM96.6 million.

Building Materials Division's revenue for the current quarter at RM256.6 million was 33% higher than the preceding year corresponding quarter of RM192.3 million with higher contribution from both Hafary and the quarry, asphalt and bricks businesses. Hafary's revenue was 40% higher than the preceding year corresponding quarter, benefitted from the higher project and general sectors' sales in tandem with the active construction and renovation sectors in Singapore, and the contribution from its Malaysian operations following the reorganistion of the tiles business from the Building Materials Division. Revenue from quarry, asphalt and bricks businesses was 12% above the preceding year corresponding quarter, benefitted from higher sales volume and improved average selling prices of aggregate products in both its markets in Malaysia and Singapore. Accordingly, the division's operating profit for the current quarter at RM56.6 million was 25% higher than the preceding year corresponding quarter of RM45.3 million.

In the current quarter, the Group completed the disposal of a wholly-owned subsidiary, Richmore as disclosed in Note 13(b) of Part A, resulting in a gain of RM5.3 million whilst the preceding year corresponding quarter included a gain of RM425.1 million from the disposal of its credit financing operations in Birmingham, United Kingdom via its wholly-owned subsidiary, HS Credit (Birmingham) Ltd which was completed on 2 August 2022.

Consequently, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM138.5 million and RM83.3 million were lower than the preceding year corresponding quarter by 79% and 86% respectively. Excluding the aforementioned gains from the disposal of subsidiaries, PBT and PAT for the current quarter would be lower than the preceding year corresponding quarter by 40% and 53% respectively.

Group PBT and PAT for the year-to-date were RM987.3 million and RM838.3 million, 14% and 11% lower than the preceding year corresponding period respectively. Accordingly, year-to-date profit attributable to owners of the Company and basic earnings per share at RM763 million and 30.65 sen were both 11% lower 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 30.9.2023 RM'000	**Immediate Preceding Quarter ended 30.6.2023** RM'000	***Increase/ (Decrease)***
Revenue	1,537,389	1,648,358	*(7%)*
Operating profit	172,552	176,944	*(2%)*
Profit before tax	138,530	729,052	*(81%)*

Group PBT for the current quarter at RM138.5 million was significantly lower than the immediate preceding quarter of RM729.1 million mainly due to the gain arising from the disposal of HCML in the immediate preceding quarter. Excluding gain from disposal of subsidiaries disclosed in Note 5 below, Group PBT for the current quarter was RM133.2 million, marginally lower than the immediate preceding quarter of RM134.1 million. As compared to the immediate preceding quarter, Group PBT for the current quarter was affected by loss from Property Division but offset by higher contribution from Plantation and Building Materials Divisions whilst incurring lower net finance costs in tandem with lower net borrowings.

Plantation Division's operating profit for the current quarter at RM50 million was significantly higher than the immediate preceding quarter of RM14 million mainly attributable to lower operating expenses and gain from fair value adjustments of biological assets of RM15 million as compared to a loss of RM4.3 million in the immediate preceding quarter.

Building Materials Division's operating profit for the current quarter at RM56.6 million was 33% higher than the immediate preceding quarter of RM42.5 million mainly attributable to higher operating margins achieved by Hafary and the quarry, asphalt and bricks businesses.

Property Division incurred operating loss of RM55.2 million for the current quarter as compared to the immediate preceding quarter's operating profit of RM24.3 million mainly due to loss from fair value adjustments of investment properties.

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3. **Current year prospects**

Malaysia's palm oil inventories at the end of September 2023 increased 9.6% month-on-month to 2.31 million tonnes, an 11-month high on the back of higher palm oil production and lower palm oil exports. Palm oil inventories at the end of October 2023 rose further to 2.45 million, an increase of 6% month-on-month. Palm oil inventories are expected to continue to be high for the balance of the year as lower demand is expected from major palm oil importers, India and China due to high inventories in these countries and also competition from rival edible oils, soyoil and sunflower oil. Sunflower oil prices have fallen drastically since the Ukraine-Russia war and are currently trading at a discount to soyoil. Soyoil price premium over palm oil has narrowed recently with higher soybean crops in South America, particularly Brazil and higher quarterly soybean stocks reported in the United States of America. CPO prices in the forthcoming months are expected to be influenced by the seasonally high production of palm oil in tandem with the high cropping season of FFB and competition from rival edible oils, soyoil and sunflower oil. Average CPO price in October 2023 was RM3,640 per tonne, the lowest in 4 months. In November 2023, daily prices up to 9 November 2023 ranged from RM3,606 to RM3,662.50 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. Nevertheless, the Group's Plantation Division continues to put concerted efforts to improve the overall cost efficiencies of its operations whilst practising good plantation husbandry to improve FFB yield and extraction rates to mitigate unit production cost.

The Malaysian property market is showing signs of recovery amid the decline in residential property stocks overhang. The unchanged OPR has helped to encourage more house buyers interest. The stamp duty exemption of 75% on transfer documents and loan agreements for first-time buyers for houses priced between RM500,000 and RM1 million under the i-Miliki initiative of the Home Ownership Programme which is applicable to sale and purchase agreements executed from 1 June 2022 until 31 Dec 2023 may further boost buying interest prior to its expiry at the end of this year. 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 remained cautious in the approval of new loans as it expects the economic conditions to remain challenging in view of higher interest rates, inflationary pressures and economic uncertainties surrounding its sectors of financing. The division will 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 Automotive Division's new passenger car segment via Hap Seng Star Sdn Bhd which has commenced operations under the agency model will continue to operate in a competitive business environment. However, the division's continuous commitment to service excellence is expected to differentiate it from its competitors and support its market share of the Mercedes-Benz marque. The after sales and services segment is expected to maintain its performance. 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.

The Trading Division expects fertilizers prices to remain stable but may be affected by any escalation of geopolitical tensions in the Middle East and Eastern Europe. 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. In Singapore, Hafary is expected to benefit from the residential properties resale market which is anticipated to remain relatively stable in the fourth quarter of this year and the launches of Build-To-Order flats by the Housing Development Board.

Based on the foregoing, 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.

5. **Profit before tax**

	Quarter ended		Year-to-date ended	
	30.9.2023	**30.9.2022**	**30.9.2023**	**30.9.2022**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	14,262	9,839	29,613	19,571
Dividend income from equity investment at fair value through other comprehensive income	187	187	562	562
Dividend income from money market deposits	5,005	292	17,776	1,855
Gain on money market deposits at fair value	10,967	7,781	26,157	18,690
Interest expense	(48,841)	(37,448)	(154,309)	(124,817)
Depreciation and amortisation	(52,979)	(48,458)	(158,214)	(144,232)
Net (allowance)/reversal of impairment losses - trade receivables	(17,155)	3,638	(35,432)	3,547
Net reversal of inventories written down	10,064	4,992	9,816	1,986
Gain on disposal of property, plant and equipment	797	2,549	1,109	4,301
Property, plant and equipment written off	(1,074)	(94)	(4,274)	(132)
Investment properties written off	(534)	(15)	(542)	(17)
Bad debts written off	-	-	(44)	(86)
Net foreign exchange gain	12,741	4,493	872	8,901
Net (loss)/gain on non-hedging derivative instruments	(5,295)	(1,552)	9,313	3,992
Net loss from fair value adjustments of investment properties	(82,269)	-	(82,269)	-
Net gain/(loss) from fair value adjustments of biological assets	15,023	(24,195)	13,059	(16,051)
Recovery of bad debts	147	111	344	328
Other gain items				
- Gain on disposal of subsidiaries	5,305	425,099	600,284	425,099

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

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6. **Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2023	**30.9.2022**	**30.9.2023**	**30.9.2022**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	58,748	53,483	147,877	197,267
- deferred tax	(466)	9,664	4,352	7,232
	58,282	63,147	152,229	204,499
In respect of prior periods				
- income tax	(3,003)	(8,720)	(3,105)	(240)
- deferred tax	(73)	992	(73)	695
	(3,076)	(7,728)	(3,178)	455
	55,206	55,419	149,051	204,954

The Group's effective tax rate for the current quarter (excluding tax in respect of prior periods) was higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes. The effective tax rate for the year (excluding tax in respect of prior periods) was 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 for the preceding year corresponding quarter and period (excluding tax in respect of prior periods) were lower than the statutory tax rate mainly due to capital gain not subjected to tax.

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 15 November 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 March 2024 [“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 April 2024 ["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 September 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 September 2023 Utilisation RM'000	As at 30 September 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	386,778	263,222	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	50,000	50,000		-	-	
(b) automobiles	50,000	50,000	-	50,000		-	-	
(c) building materials such as steel bars and cement	36,438	78,303	27,000	# 51,510		-	-	
	186,438	228,303	77,000	151,510		-	-	
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	464,471	414,732		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 was 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 30.9.2023 *(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
Current								
Secured								
- Term loans	-	-	45,120	-	-	-	-	45,120
- Revolving credits	-	-	161,995	-	-	-	-	161,995
	-	-	207,115	-	-	-	-	207,115
Unsecured								
- Term loans	281,199	591,318	-	-	-	-	-	872,517
- Revolving credits	404,502	187,720	-	-	35,046	-	-	627,268
- Trust receipts	-	-	33,641	35,869	-	-	-	69,510
- Bankers' acceptances	98,696	-	-	6,261	-	6,172	2,497	113,626
- Medium term notes	950,000	-	-	-	-	-	-	950,000
	1,734,397	779,038	33,641	42,130	35,046	6,172	2,497	2,632,921
Total current borrowings	1,734,397	779,038	240,756	42,130	35,046	6,172	2,497	2,840,036
Non-current								
Secured								
- Term loans	-	-	563,680	-	-	-	-	563,680
Unsecured								
- Term loans	387,192	-	-	-	-	-	-	387,192
- Medium term notes	3,255,000	-	-	-	-	-	-	3,255,000
	3,642,192	-	-	-	-	-	-	3,642,192
Total non-current borrowings	3,642,192	-	563,680	-	-	-	-	4,205,872
Total borrowings	5,376,589	779,038	804,436	42,130	35,046	6,172	2,497	7,045,908

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 and are currently exchanging their respective reply submissions. A case management has been fixed on 28 November 2023 to monitor the status of reply submissions and/or to set new dates for clarification by oral submissions if necessary.

On a separate note, HCH was charged in the Kota Kinabalu Sessions Court for four counts of cheating and forgery in respect of the Alleged PA. The criminal proceedings against HCH began on 27 October 2014. On 16 May 2016, the Kota Kinabalu Sessions Court found HCH guilty of cheating and forgery under sections 420 and 471 of the Penal Code with which HCH was sentenced to twelve months of imprisonment and imposed a fine of RM40,000, and in default thereof eight months of imprisonment. HCH appealed to KKHC against the said conviction as well as the consequent sentence and fine.

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)**

(a) continued

On 1 March 2018, in addition to affirming the said conviction, the KKHC substituted the sentence of twelve months of imprisonment with the sentence of five years of imprisonment. HCH appealed to the Court of Appeal against the KKHC decision, which appeal was struck out on 23 May 2022.

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.

(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 and are currently exchanging their respective reply submissions. A case management has been fixed on 28 November 2023 to monitor the status of reply submissions and/or to set new dates for clarification by oral submissions if necessary.

On a separate note, HCH was charged in the Kota Kinabalu Sessions Court for four counts of cheating and forgery in respect of the Alleged PA. The criminal proceedings against HCH began on 27 October 2014. On 16 May 2016, the Kota Kinabalu Sessions Court found HCH guilty of cheating and forgery under sections 420 and 471 of the Penal Code with which HCH was sentenced to twelve months of imprisonment and imposed a fine of RM40,000, and in default thereof eight months of imprisonment. HCH appealed to KKHC against the said conviction as well as the consequent sentence and fine.

On 1 March 2018, in addition to affirming the said conviction, the KKHC substituted the sentence of twelve months of imprisonment with the sentence of five years of imprisonment. HCH appealed to the Court of Appeal against the KKHC decision, which appeal was struck out on 23 May 2022.

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.

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 September 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*	-	-	1,528	(1,440)	88
- Not designated as hedging instruments	413,504	3,561	14,905	(5,592)	9,313
	413,504	3,561	16,433	(7,032)	9,401
Cross currency interest rate swaps on foreign currency borrowings of less than 1 year (USD)					
- Designated as hedging instruments*	709,852	70,359	33,887	(26,182)	7,705

* *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 September 2023 given by the moneylending subsidiary are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	1,711,507	-	1,711,507
(b)	To individuals	284,400	1,165	285,565
(c)	To companies within the listed issuer group	498,333	31,915	530,248
(d)	To related parties	-	-	-
		2,494,240	33,080	2,527,320

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

		As at 30.9.2023
		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	910,246
		910,246

(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	41,317
(c)	Loans reclassified as performing during the financial year	(10,993)
(d)	Amount recovered	(12,516)
(e)	Amount written off	-
(f)	Loans converted to securities	-
(g)	Balance as at 30.9.2023	77,789
(h)	Ratio of net loans in default to net loans	3.08%

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	419,855	Yes	467,834	Yes*	3 – 96
2nd	Term Loan	201,183	#237,856	Yes	376,040	No	116
3rd	Term Loan	191,000	78,478	Yes	67,000	Yes*	60
4th	Term Loan	83,740	45,527	Yes	300,000	No	19
5th	Term Loan	23,000	#33,598	Yes	49,000	No	60

* *Companies within the listed issuer group.*

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

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

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

	Quarter ended		Year-to-date ended	
	30.9.2023	**30.9.2022**	**30.9.2023**	**30.9.2022**
Profit attributable to owners of the Company (RM'000)	50,302	563,746	762,961	852,632
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)	2.02	22.64	30.65	34.25

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

15. **Dividend**

Dividends for the current financial year ending 31 December 2023 are as follows:

(a) first interim dividend of 10 sen (2022: 10 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 25 May 2023 and paid on 22 June 2023;

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

(i)	Amount per ordinary share - Second Interim Dividend	15 sen (2022: 20 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	25 sen comprising first interim dividend of 10 sen and second interim dividend of 15 sen (2022: 30 sen comprising first interim dividend of 10 sen and second interim dividend of 20 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.

(c) The dividend will be payable in cash on 21 December 2023; and

(d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 5 December 2023.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 15 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 21 December 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 5 December 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 1 December 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 5 December 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
21 November 2023