CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

	Quarter ended			Year ended		
	31.12.2023 RM'000	**31.12.2022** RM'000	***Increase/ (Decrease)***	**31.12.2023** RM'000	**31.12.2022** RM'000	***Increase/ (Decrease)***
Revenue	1,309,068	1,791,046	*(27%)*	6,086,118	7,110,496	*(14%)*
Operating expenses	(1,142,310)	(1,550,374)		(5,378,994)	(6,067,243)	
Net other operating income/(expense)	3,806	(17,361)		(22,063)	1,166	
Operating profit	170,564	223,311	*(24%)*	685,061	1,044,419	*(34%)*
Finance costs	(51,987)	(31,055)		(206,296)	(155,872)	
Other (loss)/gain items	(11,094)	(10,590)		589,190	414,509	
Share of results of associates and joint ventures	7,116	3,353		33,964	27,404	
Profit before tax	114,599	185,019	*(38%)*	1,101,919	1,330,460	*(17%)*
Tax expense	(44,376)	(62,623)		(193,427)	(267,577)	
Profit for the period	70,223	122,396	*(43%)*	908,492	1,062,883	*(15%)*
Profit attributable to:						
Owners of the Company	37,364	98,023	*(62%)*	800,325	950,655	*(16%)*
Non-controlling interests	32,859	24,373		108,167	112,228	
	70,223	122,396		908,492	1,062,883	
Earnings per share (sen)						
Basic	1.50	3.94	*(62%)*	32.15	38.18	*(16%)*
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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2023

	Quarter ended		Year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	70,223	122,396	908,492	1,062,883
Other comprehensive (expense)/income net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	7,526	(27,999)	34,646	(34,458)
Share of foreign currency translation differences of associates and joint ventures	3,524	2,099	5,975	2,883
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	(12,519)	(14,898)
Change in fair value of cash flow hedge	(354)	18,187	7,439	3,686
	10,696	(7,713)	35,541	(42,787)
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment upon transfer of properties to investment properties	916	10,983	916	10,983
Remeasurement loss on defined benefit liabilities	(1,382)	-	(1,382)	-
	(466)	10,983	(466)	10,983
Total other comprehensive income/(expense) for the period	10,230	3,270	35,075	(31,804)
Total comprehensive income for the period	80,453	125,666	943,567	1,031,079
Total comprehensive income attributable to:				
Owners of the Company	46,040	97,741	825,203	910,935
Non-controlling interests	34,413	27,925	118,364	120,144
	80,453	125,666	943,567	1,031,079

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

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

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,650,258	4,761,399
Investment properties	2,777,337	2,239,728
Investment in associates	500,795	488,213
Investment in joint ventures	672	9,295
Land held for property development	2,628,022	2,458,233
Intangible assets	67,248	37,834
Trade and other receivables	1,170,257	1,661,169
Other financial assets	1,314	48,118
Deferred tax assets	65,524	54,620
	11,861,427	11,758,609
Current assets		
Inventories	1,608,515	1,955,393
Property development costs	107,191	178,691
Biological assets	20,433	28,508
Trade and other receivables	1,428,192	1,718,239
Contract assets	13,272	22,420
Tax recoverable	130,205	125,710
Other financial assets	54,287	10,749
Money market deposits	1,146,549	1,423,946
Cash and bank balances	2,274,331	1,431,980
	6,782,975	6,895,636
TOTAL ASSETS	18,644,402	18,654,245

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

	As at 31.12.2023 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	4,357,006	4,154,220
	7,876,560	7,673,774
Less: Treasury shares	(113)	(113)
	7,876,447	7,673,661
Non-controlling interests	1,398,287	1,320,562
TOTAL EQUITY	9,274,734	8,994,223
Non-current liabilities		
Trade and other payables	188,933	191,970
Contract liabilities	37,028	55,323
Employee benefits	1,412	3,122
Borrowings	4,141,221	4,547,235
Lease liabilities	109,387	117,515
Deferred tax liabilities	499,074	494,110
	4,977,055	5,409,275
Current liabilities		
Trade and other payables	1,209,663	1,235,811
Contract liabilities	76,327	85,932
Provisions	319,321	318,166
Tax payable	60,567	47,616
Borrowings	2,693,040	2,521,765
Lease liabilities	24,609	22,301
Other financial liabilities	9,086	19,156
	4,392,613	4,250,747
TOTAL LIABILITIES	9,369,668	9,660,022
TOTAL EQUITY AND LIABILITIES	18,644,402	18,654,245
Net assets per share (RM)	3.16	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 ENDED 31 DECEMBER 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 year	-	-	800,325	-	800,325	108,167	908,492
Total other comprehensive income for the year	-	26,260	(1,382)	-	24,878	10,197	35,075
Total comprehensive income for the year	-	26,260	798,943	-	825,203	118,364	943,567
Acquisition of subsidiaries	-	-	-	-	-	15,838	15,838
Dividends	-	-	(622,417)	-	(622,417)	-	(622,417)
Dividends paid to non-controlling interests	-	-	-	-	-	(56,477)	(56,477)
At 31 December 2023	3,519,554	144,914	4,212,092	(113)	7,876,447	1,398,287	9,274,734
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 year	-	-	950,655	-	950,655	112,228	1,062,883
Total other comprehensive expense for the year	-	(39,720)	-	-	(39,720)	7,916	(31,804)
Total comprehensive income for the year	-	(39,720)	950,655	-	910,935	120,144	1,031,079
Changes in ownership interest in subsidiaries	-	-	2,236	-	2,236	78,569	80,805
Dividends	-	-	(746,901)	-	(746,901)	-	(746,901)
Dividends paid to non-controlling interests	-	-	-	-	-	(75,519)	(75,519)
At 31 December 2022 *(Audited)*	3,519,554	118,654	4,035,566	(113)	7,673,661	1,320,562	8,994,223

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 ENDED 31 DECEMBER 2023

	Year ended	
	31.12.2023	**31.12.2022**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,101,919	1,330,460
Adjustments for:		
Non-cash items	388,908	254,868
Non-operating items	(662,285)	(457,893)
Dividend income	(23,021)	(3,364)
Net interest expense	155,916	124,907
Operating profit before working capital changes	961,437	1,248,978
Net changes in working capital	661,089	197,603
Net changes in loan receivables	262,584	295,418
Net tax paid	(198,034)	(362,697)
Net interest paid	(277,257)	(196,308)
Net changes in land held for property development	(77,773)	(1,268,910)
Net cash flows generated from/(used in) operating activities	1,332,046	(85,916)
Cash flows from investing activities		
Dividends received from associates and a joint venture	14,690	8,475
Dividends received from equity investments at fair value through other comprehensive income	1,804	1,350
Dividends received from money market deposits	22,279	2,614
Decrease in money market deposits	332,908	454,373
Acquisition of subsidiaries net of cash acquired	2,155	-
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	7,705	15,356
Proceeds from disposal of equity investment at fair value through profit or loss	-	722
Proceeds from redemption of equity investment at fair value through other comprehensive income	15,000	-
Purchase of property, plant and equipment	(436,159)	(632,240)
Additions to investment properties	(482,299)	(97,958)
Net cash flows generated from investing activities	309,919	460,939
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(678,894)	(825,119)
Net (repayment)/drawdown of borrowings	(100,940)	679,791
Payment of lease liabilities	(23,807)	(27,633)
Net cash flows used in financing activities	(803,641)	(172,961)
Net increase in cash and cash equivalents	838,324	202,062
Effects on exchange rate changes	4,027	3,961
Cash and cash equivalents at beginning of the year	1,431,980	1,225,957
Cash and cash equivalents at end of the year	2,274,331	1,431,980
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	1,079,696	991,611
Cash in hand and at bank	1,194,635	440,369
	2,274,331	1,431,980

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 financial year.

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

There were no changes in estimates of amounts reported in prior interim 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 31 December 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 financial year and preceding year were as follows:

	Year ended	
	31.12.2023	**31.12.2022**
	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
- second interim (20 sen) under the single tier system approved by the Directors on 24 November 2022 and paid on 21 December 2022	-	497,934
Dividend in respect of financial year ended 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	-
- second interim (15 sen) under the single tier system approved by the Directors on 21 November 2023 and paid on 21 December 2023	373,450	-
	622,417	746,901

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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
<u>Current quarter ended 31 December 2023</u>									
Revenue									
External revenue	174,559	139,081	38,872	202,235	523,951	230,370	-	-	1,309,068
Inter-segment revenue	-	6,435	12,385	5,364	55,758	31,920	-	(111,862)	-
Total revenue	174,559	145,516	51,257	207,599	579,709	262,290	-	(111,862)	1,309,068
Operating profit	27,193	(47,382)	39,332	5,230	26,174	65,950	2,061	52,006	170,564
Finance costs									(51,987)
Other loss items									(11,094)
Share of results of associates and joint ventures									7,116
Profit before tax									114,599
<u>Preceding year quarter ended 31 December 2022</u>									
Revenue									
External revenue	143,552	117,841	50,774	496,692	796,357	185,830	-	-	1,791,046
Inter-segment revenue	-	6,243	12,058	3,598	42,972	25,022	-	(89,893)	-
Total revenue	143,552	124,084	62,832	500,290	839,329	210,852	-	(89,893)	1,791,046
Operating profit	28,510	46,638	42,837	21,293	52,857	38,885	13,411	(21,120)	223,311
Finance costs									(31,055)
Other loss items									(10,590)
Share of results of associates and joint ventures									3,353
Profit before tax									185,019

7. **Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 December 2023									
Revenue									
External revenue	667,835	466,303	182,340	1,375,635	2,557,886	836,119	-	-	6,086,118
Inter-segment revenue	-	27,781	48,505	14,196	237,306	115,923	-	(443,711)	-
Total revenue	667,835	494,084	230,845	1,389,831	2,795,192	952,042	-	(443,711)	6,086,118
Operating profit	123,407	(59,608)	155,735	65,246	217,308	205,210	24,189	(46,426)	685,061
Finance costs									(206,296)
Other gain items									589,190
Share of results of associates and joint ventures									33,964
Profit before tax									1,101,919
Segment assets	2,404,630	7,974,989	2,630,039	697,347	1,535,038	1,947,170	757,993	-	17,947,206
Segment liabilities	63,257	1,394,080	1,032,594	191,214	578,920	1,144,072	4,405,890	-	8,810,027
Year ended 31 December 2022 *(Audited)*									
Revenue									
External revenue	814,554	499,579	191,137	1,723,727	3,271,122	610,377	-	-	7,110,496
Inter-segment revenue	-	24,356	50,564	24,931	192,679	95,603	-	(388,133)	-
Total revenue	814,554	523,935	241,701	1,748,658	3,463,801	705,980	-	(388,133)	7,110,496
Operating profit	266,949	158,311	194,539	69,284	297,020	131,770	12,875	(86,329)	1,044,419
Finance costs									(155,872)
Other gain items									414,509
Share of results of associates and joint ventures									27,404
Profit before tax									1,330,460
Segment assets	2,401,576	7,802,723	2,477,628	754,139	1,600,176	1,641,876	1,298,289	-	17,976,407
Segment liabilities	64,110	1,220,209	971,742	291,892	806,381	1,092,381	4,671,581	-	9,118,296

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

Save for the subsequent events disclosed in Note 10 of Part B, events after the end of the financial year and up to 22 February 2024 that have not been reflected in these interim financial statements:

(a) On 18 January 2024, Hafary Pte Ltd [“HPL”], a wholly-owned subsidiary of Hafary Holdings Limited [“Hafary”], a 50.82%-owned listed subsidiary of the Company, completed the acquisition of the remaining 19% shareholding in World Furnishing Hub Pte Ltd [“WFHPL”] at a cash consideration of S$4,465,000. With such completion, WFHPL has become a wholly-owned subsidiary of Hafary on even date. WFHPL is a property investment holding company with leasehold interest of property located at 18 Sungei Kadut Street 2, Singapore, 729236.

(b) On 5 February 2024, HSC Melbourne Holding Pte Ltd [“HSC Melbourne”], a wholly-owned subsidiary of the Company, was successfully struck off from Accounting and Corporate Regulatory of Singapore. HSC Melbourne was incorporated in Singapore on 1 November 2017 as a private limited company, principally involved in investment holding and became a dormant company since 28 September 2023.

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

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

(a) On 1 January 2023, HPL entered into a shareholders’ agreement with the other individual shareholder to acquire management control of Melmer Stoneworks Pte Ltd [“Melmer Stoneworks”], which is 50%-owned by HPL. Based on the power that HPL can exercise given its shareholdings, board representation and rights, Melmer Stoneworks has become a subsidiary of HPL on even date.

(b) 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.

(c) 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.

(d) On 26 May 2023, HPL 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).

On 21 December 2023, HPL disposed of its entire 100 ordinary shares in MML x Element to Hafary Trading Sdn Bhd and Guangdong ITA Element Building Materials Co. Limited [“ITA Element”] equally. With the said disposal, MML x Element remains a subsidiary of Hafary.

(e) On 26 October 2023, HPL acquired an additional 15% of shareholding in ITA Element. With the said acquisition, ITA Element has become a 65%-owned subsidiary of Hafary.

* *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 22 February 2024, 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 was 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 financial year which is expected to have an operational or financial impact on the Group.

12. **Capital commitments**

The Group has the following capital commitments:

	As at 31.12.2023 RM’000	**As at 31.12.2022** RM’000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	835,774	816,171
- investment properties	563,728	487,434
	1,399,502	1,303,605

13. **Significant related party transactions**

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

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

(a) continued

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.

(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.*

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 was RM1.31 billion, 27% lower than the preceding year corresponding quarter of RM1.79 billion mainly due to lower revenue from Credit Financing, Automotive and Trading Divisions. Group's operating profit for the current quarter at RM170.6 million was 24% lower than the preceding year corresponding quarter of RM223.3 million, affected by lower profit contribution from all divisions except Building Materials Division. Accordingly, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM114.6 million and RM70.2 million were lower than the preceding year corresponding quarter by 38% and 43% respectively.

Plantation Division's revenue for the current quarter at RM174.6 million was 22% higher than the preceding year corresponding quarter of RM143.6 million mainly attributable to higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] but reduced by lower average selling price of both products. CPO sales volume for the current quarter at 39,824 tonnes was 32% above the preceding year corresponding quarter. CPO sales in the preceding year corresponding quarter was affected by timing of deliveries. PK sales volume was 10% higher at 9,584 tonnes in tandem with higher PK production. Average selling price per tonne of CPO and PK for the current quarter were lower at RM3,798 and RM2,128 respectively as compared to the preceding year corresponding quarter of RM4,019 for CPO and RM2,245 for PK. CPO production for the current quarter was marginally above the preceding year corresponding quarter in tandem with the marginally higher fresh fruit bunches ["FFB"] production whilst PK production was higher by 11% mainly attributable to higher PK extraction rate. Inspite of higher revenue, current quarter's operating profit at RM27.2 million was 5% lower than the preceding year corresponding quarter of RM28.5 million, affected by higher loss from fair value adjustments of biological assets of RM21.1 million as compared to the preceding year corresponding quarter of RM13.2 million.

Property Division registered higher revenue from all business segments in the current quarter and accordingly, the division's revenue at RM145.5 million was 17% higher than the preceding year corresponding quarter of RM124.1 million. The property development segment's revenue benefitted from higher units sold in East Malaysia. The investment property segment registered higher rental revenue in tandem with the improvement in occupancy rate in its major investment properties in Kuala Lumpur City Centre. The division's first 5-star hotel, Hyatt Centric Kota Kinabalu which commenced operations in October 2022 registered higher occupancy and average room rates, and contributed to the revenue growth in the hospitality segment. Inspite of the higher revenue, the division incurred an operating loss of RM47.4 million for the current quarter as compared to the preceding year corresponding quarter's operating profit of RM46.6 million, mainly affected by lower average margin from the property development segment and write down of property stocks.

Credit Financing Division continued to consolidate its operations with prudent measures to manage risks and uncertainties in its sectors of financing. As a consequence, loan base at the end of the current quarter was lower at RM2.42 billion as compared to the preceding year corresponding quarter of RM2.85 billion. Accordingly, the division's revenue for the current quarter at RM51.3 million was 18% lower than the preceding year corresponding quarter of RM62.8 million. Non-performing loans ["NPL"] ratio at the end of the year was higher at 2.85% as compared to 2.10% at the end of the preceding year due to lower loan base and higher NPL. Consequently, the division's operating profit for the current quarter at RM39.3 million was 8% below the preceding year corresponding quarter of RM42.8 million.

The Automotive 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 business model remained unchanged. Arising from the change to the agency model, revenue of the division's passenger car segment was significantly affected as revenue from sales of new passenger car comprised commission income only. In the current quarter, sales volume of new passenger car were also lower as compared to the preceding year corresponding quarter as the division benefitted from the fulfilment of orders under the sales tax exemption which had expired on 31 March 2023. Consequently, passenger car segment's revenue was 70% lower than the preceding year corresponding quarter. The commercial vehicle segment's revenue was 3% higher than the preceding year corresponding quarter mainly attributable to higher revenue from its after sales and services segment. Overall, the division's revenue for the current quarter at RM207.6 million was 59% lower than the preceding year corresponding quarter of RM500.3 million whilst operating profit at RM5.2 million was 75% below the preceding year corresponding quarter of RM21.3 million.

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

Trading Division’s revenue for the current quarter at RM579.7 million was 31% lower than the preceding year corresponding quarter of RM839.3 million. Revenue from fertilizers trading business was 40% below the preceding year corresponding quarter mainly due to lower average selling prices in both its Malaysian and Indonesian markets as global fertilizer prices continued to ease. The general trading business’ revenue was 4% 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”]. Consequently, the division’s operating profit for the current quarter at RM26.2 million was 50% below the preceding year corresponding quarter of RM52.9 million.

Building Materials Division’s revenue for the current quarter at RM262.3 million was 24% higher than the preceding year corresponding quarter of RM210.9 million with higher contribution from both Hafary and the quarry, asphalt and bricks businesses. Hafary’s revenue was 25% above the preceding year corresponding quarter mainly due to contribution from its Malaysian operations following the reorganization of the tiles business from the Trading Division. Revenue from quarry, asphalt and bricks businesses for the current quarter was 20% higher than the preceding year corresponding quarter attributable to higher sales of aggregate products in Malaysia and Singapore, benefitted from higher sales volume and improved average selling price. Accordingly, the division’s operating profit for the current quarter at RM66 million was 70% higher than the preceding year corresponding quarter of RM38.9 million.

Overall, Group PBT and PAT for the year at RM1.1 billion and RM908.5 million were lower than the preceding year by 17% and 15% respectively. Accordingly, profit attributable to owners of the Company for the year at RM800.3 million and basic earnings per share for the year at 32.15 sen were both 16% lower than the preceding year.

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

	Current Quarter ended **31.12.2023** RM'000	Immediate Preceding Quarter ended **30.9.2023** RM'000	*Increase/ (Decrease)*
Revenue	1,309,068	1,537,389	*(15%)*
Operating profit	170,564	172,552	*(1%)*
Profit before tax	114,599	138,530	*(17%)*

Group PBT for the current quarter at RM114.6 million was 17% lower than the immediate preceding quarter of RM138.5 million mainly due to lower contribution from Plantation and Trading Divisions mitigated by better performance from Credit Financing Division.

Plantation Division's operating profit for the current quarter at RM27.2 million was 46% lower than the immediate preceding quarter of RM50 million, mainly affected by a loss from fair value adjustments of biological assets of RM21.1 million as compared to gain of RM15 million in the immediate preceding quarter. Revenue in the current quarter was 6% higher than the immediate preceding quarter, benefitted from higher sales volume of all palm products inspite of lower average selling price of CPO. Sales volume of CPO and PK for the current quarter were 8% and 17% above the immediate preceding quarter of 36,726 tonnes and 8,167 tonnes respectively mainly benefitted from higher FFB production. Average selling price of CPO was 3% below the immediate preceding quarter of RM3,924 per tonne.

Trading Division's operating profit for the current quarter at RM26.2 million was 64% lower than the immediate preceding quarter of RM73 million mainly due to lower contribution from fertilizers trading business affected by lower sales volume and lower average selling price in both its Malaysian and Indonesian markets.

Credit Financing Division's operating profit for the current quarter at RM39.3 million was 25% higher than the immediate preceding quarter of RM31.6 million, benefitted from lower provision for impairment on its loan portfolio in tandem with improved NPL ratio from 3.08% in the preceding quarter to 2.85% in the current quarter.

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3. **Current year prospects**

Malaysia's palm oil inventories at the end of January 2024 decreased 11.8% month-on-month to a six-month low at 2.02 million tonnes in line with the lower seasonal yield trend and cropping pattern of FFB. Palm oil production in January 2024 decreased by 9.6% to its nine-month low. This trend is expected to continue in February 2024 which will reduce the palm oil inventories further from current level. The recovery of soybean crop in South America, particularly Argentina and high inventories of edible oils in key importing countries, India and China, leading to softer soyoil prices may result in weaker demand for palm oil in the first half of 2024. Palm oil prices are currently trading at a premium to soyoil, sunflower oil and rapeseed oil, and are expected to be under pressure as demand shifts to the cheaper rival edible oils in the near term. Average CPO price in January 2024 was RM3,783.50 per tonne. In February 2024, daily prices up to 19 February 2024 ranged from RM3,800 to RM3,978 per tonne. Malaysian palm oil exports for the first half of February 2024 decreased by approximately 11% over the same period in January 2024. Nevertheless, domestic palm oil consumption in Malaysia is expected to remain robust in February due to the forthcoming Ramadan month in March 2024 which will bolster some of the effect of declining exports. The B35 biodiesel mandate in Indonesia which was implemented since August 2023 will reduce Indonesia palm oil exports and is expected to support palm oil prices. The Group's Plantation Division continues to put concerted efforts to improve the overall efficiencies of its operations whilst practising good plantation husbandry to further improve FFB yield and extraction rates.

The Malaysian property market is expected to continue its recovery momentum in 2024 aided by the easing of property oversupply situation, improved consumers sentiments and government initiatives to stimulate buying interests which includes the relaxing of requirements under the Malaysia My Second Home ["MM2H"] programme. The recent announcement by Bank Negara Malaysia to maintain the OPR at 3% is expected to continue to support economic growth and encourage house buyers' interest. The Group's Property Division expects to benefit from the improving outlook in the property market with continuous emphasis placed on driving its property sales and improving occupancy rates and rental yield of its investment properties. The division's hospitality segment is expected to benefit from the continuing growth in the tourism sector with improving tourist arrivals.

The Credit Financing Division will remain cautious in new loans approval whilst constantly reviewing its lending policies to manage operational risks and be vigilant to changes in the economic and financing landscapes surrounding its sectors of financing. Emphasis will also be placed on loan collections, minimizing NPL, improving net interest margin and to maintain a stable and sustainable loan portfolio.

The Automotive Division expects to operate in a competitive business environment amidst cautious consumer spendings due to concerns of higher service tax for some services including the servicing of motor vehicles. The Malaysian Automotive Association forecasted the total industry volume for 2024 to decline by 7.5% to 740,000 units (666,000 units passenger cars and 74,000 units of commercial vehicles) from 799,731 units (719,160 units passenger cars and 80,571 units of commercial vehicles) in 2023. Nevertheless, the division expects its strong market network and excellent after sales and services as well as concerted efforts to broaden its body and paint centre's service offering and market reach to continue to benefit its performance.

The Trading division expects fertilizer prices to remain stable in 2024, encouraging higher demand due to better affordability but may be affected by any escalation of geopolitical tensions in the Middle East and Eastern Europe and further tightening of China's fertilizer export controls. The rollout of major projects under the Malaysia's 2024 budgeted development expenditure may provide business opportunities to the general trading business. Overall, the division will continue to focus on improving profitability whilst managing inventories and receivables to mitigate operational risks.

The Building Materials Division expects its quarry, asphalt and bricks businesses to continue to benefit from the ongoing infrastructure projects in East Malaysia and Brunei. Hafary is expected to benefit from the active renovation market and projected growth in the construction sector in Singapore.

Based on the foregoing, the Board is cautiously optimistic of achieving satisfactory results for the financial year ending 31 December 2024.

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 ended	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	20,767	11,394	50,380	30,965
Dividend income from equity investment at fair value through other comprehensive income	180	188	742	750
Dividend income from money market deposits	4,503	759	22,279	2,614
Net gain on equity investment at fair value through profit or loss	-	706	-	706
Net gain on money market deposits at fair value	10,192	11,367	36,349	30,057
Interest expense	(51,987)	(31,055)	(206,296)	(155,872)
Depreciation and amortisation	(53,240)	(51,148)	(211,454)	(195,380)
Net allowance of impairment losses				
- trade receivables	(8,258)	(9,875)	(43,690)	(6,328)
Net allowance of inventories written down	(63,747)	(13,002)	(53,931)	(11,016)
Gain on disposal of property, plant and equipment	785	1,089	1,894	5,390
Impairment loss on property, plant and equipment	(12,385)	(4,563)	(12,385)	(4,563)
Property, plant and equipment written off	(120)	(3,568)	(4,394)	(3,700)
Investment properties written off	(779)	(1)	(1,321)	(18)
Bad debts written off	(60)	(4)	(104)	(90)
Net foreign exchange (loss)/gain	(399)	13,501	473	22,402
Net (loss)/gain on non-hedging derivative instruments	(3,890)	(7,686)	5,423	(3,694)
Net loss from fair value adjustments of investment properties	(14,345)	(19,601)	(96,614)	(19,601)
Net loss from fair value adjustments of biological assets	(21,134)	(13,162)	(8,075)	(29,213)
Recovery of bad debts	110	188	454	516
Other gain/(loss) items				
- Gain on disposal of subsidiaries	-	-	600,284	425,099
- Impairment loss on investment in associates	(11,094)	(10,590)	(11,094)	(10,590)
	(11,094)	(10,590)	588,190	414,509

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 ended	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	54,228	59,540	202,105	256,807
- deferred tax	(10,150)	10,557	(5,798)	17,789
	44,078	70,097	196,307	274,596
In respect of prior periods				
- income tax	3,841	(6,535)	736	(6,775)
- deferred tax	(3,543)	(939)	(3,616)	(244)
	298	(7,474)	(2,880)	(7,019)
	44,376	62,623	193,427	267,577

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 partly offset by certain expenses non-deductible for tax purposes.

The Group's effective tax rate for the preceding year corresponding quarter (excluding tax in respect of prior periods) was higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes, deferred tax assets not recognised on business losses in certain subsidiaries and the provision of Cukai Makmur (Prosperity Tax) at 33% on chargeable income exceeding RM100 million for year of assessment 2022 only. The effective tax rate (excluding tax in respect of prior periods) for the preceding year was 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 22 February 2024:

(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 31 December 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	**Adjusted RM'000	As at 31 December 2023 Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	%	Explanation
Repayment of borrowings	650,000	650,000	626,798	23,202	Within 36 months from completion	-	-	
Working capital requirements:								
Purchase of inventories								
(a) fertilizers	100,000	100,000	100,000	-		-	-	
(b) automobiles	50,000	50,000	50,000	-		-	-	
(c) building materials such as steel bars and cement	36,438	78,303	78,510	-		# (207)	(0.3)	
	186,438	228,303	228,510	-		(207)	(0.09)	
Estimated expenses	900	900	693	-		207	23	The estimated expenses not utilised have been deployed for working capital requirements, item (c) #
	837,338	879,203	856,001	23,202		-		

* *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 31.12.2023 *(Unaudited)*						
	Denominated in						
	RM RM’000	USD RM’000	SGD RM’000	Euro RM’000	JPY RM’000	RMB RM’000	Total RM’000
Current							
Secured							
- Term loans	-	-	40,012	-	-	-	40,012
- Revolving credits	-	-	93,156	-	-	-	93,156
	-	-	133,168	-	-	-	133,168
Unsecured							
- Term loans	266,109	578,970	8,381	-	-	1,034	854,494
- Revolving credits	639,503	91,900	60,944	-	-	-	792,347
- Trust receipts	-	-	26,460	29,357	-	-	55,817
- Bankers’ acceptances	85,232	-	-	6,262	720	-	92,214
- Medium term notes	765,000	-	-	-	-	-	765,000
	1,755,844	670,870	95,785	35,619	720	1,034	2,559,872
Total current borrowings	1,755,844	670,870	228,953	35,619	720	1,034	2,693,040
Non-current							
Secured							
- Term loans	-	-	551,356	-	-	-	551,356
Unsecured							
- Term loans	377,804	-	7,061	-	-	-	384,865
- Medium term notes	3,205,000	-	-	-	-	-	3,205,000
	3,582,804	-	7,061	-	-	-	3,589,865
Total non-current borrowings	3,582,804	-	558,417	-	-	-	4,141,221
Total borrowings	5,338,648	670,870	787,370	35,619	720	1,034	6,834,261

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 and reply submissions to the Court. The session for clarification of these submissions initially scheduled on 23 January 2024 has been adjourned to a new date to be fixed by the Court.

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 and reply submissions to the Court. The session for clarification of these submissions initially scheduled on 23 January 2024 has been adjourned to a new date to be fixed by the Court.

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 31 December 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	590,369	(5,836)	5,508	(85)	5,423
	590,369	(5,836)	7,036	(1,525)	5,511
Cross currency interest rate swaps on foreign currency borrowings of less than 1 year (USD)					
- Designated as hedging instruments*	620,652	51,037	14,565	(7,214)	7,351

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

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

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

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

13. **Provision of financial assistance**

Moneylending operations

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

		Secured	Unsecured	Total
		RM'000	RM'000	RM'000
(a)	To companies	1,610,663	-	1,610,663
(b)	To individuals	276,756	1,162	277,918
(c)	To companies within the listed issuer group	500,801	28,386	529,187
(d)	To related parties	-	-	-
		2,388,220	29,548	2,417,768

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

		As at 31.12.2023
		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	996,669
		996,669

(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	58,918
(c)	Loans reclassified as performing during the financial year	(13,523)
(d)	Amount recovered	(31,047)
(e)	Amount written off	(5,405)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2023	68,924
(h)	Ratio of net loans in default to net loans	2.85%

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	419,916	Yes	467,834	Yes*	3 – 96
2nd	Term Loan	201,183	#243,825	Yes	376,040	No	116
3rd	Term Loan	191,000	80,885	Yes	67,000	Yes*	60
4th	Term Loan	83,740	45,660	Yes	300,000	No	19
5th	Term Loan	23,000	#34,359	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 ended**	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Profit attributable to owners of the Company (RM'000)	37,364	98,023	800,325	950,655
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)	1.50	3.94	32.15	38,18

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

15. **Dividend**

Dividends for the current financial year ended 31 December 2023 were 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) second interim dividend of 15 sen (2022: 20 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said second interim dividend was approved by the Directors on 21 November 2023 and paid on 21 December 2023.

(c) Total dividend for the current financial year ended 31 December 2023 was 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 was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2023.

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
28 February 2024