**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)**
**FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2024**

| | Quarter ended | | | Year-to-date ended | | |
|---|---|---|---|---|---|---|
| | **30.6.2024** RM'000 | **30.6.2023** RM'000 | ***Increase/ (Decrease)*** | **30.6.2024** RM'000 | **30.6.2023** RM'000 | ***Increase/ (Decrease)*** |
| **Revenue** | 1,415,031 | 1,648,358 | *(14%)* | 2,754,452 | 3,239,661 | *(15%)* |
| Operating expenses | (1,121,973) | (1,487,451) | | (2,227,738) | (2,915,276) | |
| Net other operating income | 17,110 | 16,037 | | 50,835 | 17,560 | |
| **Operating profit** | 310,168 | 176,944 | *75%* | 577,549 | 341,945 | *69%* |
| Finance costs | (50,380) | (54,705) | | (98,420) | (105,468) | |
| Other (loss)/gain item | (632) | 594,979 | | (632) | 594,979 | |
| Share of results of associates and joint ventures | 8,948 | 11,834 | | 13,562 | 17,334 | |
| **Profit before tax** | 268,104 | 729,052 | *(63%)* | 492,059 | 848,790 | *(42%)* |
| Tax expense | (73,175) | (46,785) | | (141,095) | (93,845) | |
| **Profit for the period** | 194,929 | 682,267 | *(71%)* | 350,964 | 754,945 | *(54%)* |
| | | | | | | |
| **Profit attributable to:** | | | | | | |
| Owners of the Company | 170,128 | 661,894 | *(74%)* | 307,405 | 712,659 | *(57%)* |
| Non-controlling interests | 24,801 | 20,373 | | 43,559 | 42,286 | |
| | 194,929 | 682,267 | | 350,964 | 754,945 | |
| | | | | | | |
| **Earnings per share (sen)** | | | | | | |
| Basic | 6.83 | 26.59 | *(74%)* | 12.35 | 28.62 | *(57%)* |
| 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 2023 and the accompanying explanatory notes attached to the Interim Financial Statements*

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**
**FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2024**

| | Quarter ended | | Year-to-date ended | |
|---|---|---|---|---|
| | **30.6.2024** | **30.6.2023** | **30.6.2024** | **30.6.2023** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Profit for the period** | 194,929 | 682,267 | 350,964 | 754,945 |
| **Other comprehensive income/(expense) net of tax:** | | | | |
| ***Items that will be reclassified subsequently to profit or loss*** | | | | |
| Foreign currency translation differences for foreign operations | (9,945) | 34,705 | 176 | 49,925 |
| Share of foreign currency translation differences of associates and joint ventures | 4,091 | 5,130 | 538 | 6,528 |
| Foreign currency translation differences for foreign operations reclassified to profit or loss | 632 | (12,519) | 632 | (12,519) |
| Change in fair value of cash flow hedge | (3,361) | 325 | (2,646) | 9,264 |
| **Total other comprehensive (expense)/income for the period** | (8,583) | 27,641 | (1,300) | 53,198 |
| **Total comprehensive income for the period** | 186,346 | 709,908 | 349,664 | 808,143 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 164,541 | 683,101 | 306,997 | 755,938 |
| Non-controlling interests | 21,805 | 26,807 | 42,667 | 52,205 |
| | 186,346 | 709,908 | 349,664 | 808,143 |

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the Interim Financial Statements*

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**
**AS AT 30 JUNE 2024**

| | As at 30.6.2024 RM'000 | As at 31.12.2023 RM'000 *(Audited)* |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 4,767,357 | 4,650,184 |
| Investment properties | 2,831,779 | 2,775,011 |
| Investment in associates | 508,968 | 500,795 |
| Investment in joint ventures | 2,004 | 672 |
| Land held for property development | 2,694,119 | 2,628,022 |
| Intangible assets | 66,033 | 67,248 |
| Trade and other receivables | 1,091,469 | 1,170,257 |
| Other financial assets | 1,313 | 1,314 |
| Deferred tax assets | 64,350 | 67,356 |
| | 12,027,392 | 11,860,859 |
| **Current assets** | | |
| Inventories | 1,375,716 | 1,608,515 |
| Property development costs | 111,652 | 107,191 |
| Biological assets | 28,252 | 20,433 |
| Trade and other receivables | 1,462,443 | 1,435,075 |
| Contract assets | 19,707 | 13,272 |
| Tax recoverable | 70,746 | 130,070 |
| Other financial assets | 71,347 | 54,287 |
| Money market deposits | 1,464,392 | 1,146,549 |
| Cash and bank balances | 2,114,484 | 2,274,383 |
| | 6,718,739 | 6,789,775 |
| **TOTAL ASSETS** | 18,746,131 | 18,650,634 |

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)**
**AS AT 30 JUNE 2024**

| | As at 30.6.2024 RM'000 | As at 31.12.2023 RM'000 (Audited) |
|---|---|---|
| **Equity attributable to owners of the Company** | | |
| Share capital | 3,519,554 | 3,519,554 |
| Reserves | 4,405,947 | 4,357,006 |
| | 7,925,501 | 7,876,560 |
| Less: Treasury shares | (113) | (113) |
| | 7,925,388 | 7,876,447 |
| **Non-controlling interests** | 1,406,008 | 1,398,287 |
| **TOTAL EQUITY** | 9,331,396 | 9,274,734 |
| **Non-current liabilities** | | |
| Trade and other payables | 180,151 | 186,199 |
| Contract liabilities | 37,028 | 37,028 |
| Employee benefits | 1,005 | 1,412 |
| Borrowings | 3,932,738 | 4,141,221 |
| Lease liabilities | 111,219 | 109,387 |
| Other financial liabilities | 2,610 | - |
| Deferred tax liabilities | 496,917 | 497,478 |
| | 4,761,668 | 4,972,725 |
| **Current liabilities** | | |
| Trade and other payables | 991,436 | 1,216,684 |
| Contract liabilities | 70,136 | 76,327 |
| Provisions | 333,310 | 319,321 |
| Tax payable | 55,862 | 64,108 |
| Borrowings | 3,174,962 | 2,693,040 |
| Lease liabilities | 24,054 | 24,609 |
| Other financial liabilities | 3,307 | 9,086 |
| | 4,653,067 | 4,403,175 |
| **TOTAL LIABILITIES** | 9,414,735 | 9,375,900 |
| **TOTAL EQUITY AND LIABILITIES** | 18,746,131 | 18,650,634 |
| **Net assets per share (RM)** | 3.18 | 3.16 |
| 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 2023 and the accompanying explanatory notes attached to the Interim Financial Statements*

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
## FOR THE YEAR-TO-DATE ENDED 30 JUNE 2024

| | 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 2024** | 3,519,554 | 144,914 | 4,212,092 | (113) | 7,876,447 | 1,398,287 | 9,274,734 |
| Profit for the period | - | - | 307,405 | - | 307,405 | 43,559 | 350,964 |
| Total other comprehensive expense for the period | - | (408) | - | - | (408) | (892) | (1,300) |
| Total comprehensive income for the period | - | (408) | 307,405 | - | 306,997 | 42,667 | 349,664 |
| Changes in ownership interest in subsidiaries | - | - | (9,089) | - | (9,089) | (6,682) | (15,771) |
| Dividend | - | - | (248,967) | - | (248,967) | - | (248,967) |
| Dividends paid to non-controlling interests | - | - | - | - | - | (28,264) | (28,264) |
| **At 30 June 2024** | 3,519,554 | 144,506 | 4,261,441 | (113) | 7,925,388 | 1,406,008 | 9,331,396 |
| | | | | | | | |
| **At 1 January 2023** | 3,519,554 | 118,654 | 4,035,566 | (113) | 7,673,661 | 1,320,562 | 8,994,223 |
| Profit for the period | - | - | 712,659 | - | 712,659 | 42,286 | 754,945 |
| Total other comprehensive income for the period | - | 43,279 | - | - | 43,279 | 9,919 | 53,198 |
| Total comprehensive income for the period | - | 43,279 | 712,659 | - | 755,938 | 52,205 | 808,143 |
| Acquisition of subsidiary | - | - | - | - | - | 3,865 | 3,865 |
| Dividend | - | - | (248,967) | - | (248,967) | - | (248,967) |
| Dividends paid to non-controlling interests | - | - | - | - | - | (31,428) | (31,428) |
| **At 30 June 2023** | 3,519,554 | 161,933 | 4,499,258 | (113) | 8,180,632 | 1,345,204 | 9,525,836 |

*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 2023 and the accompanying explanatory notes attached to the Interim Financial Statements*

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
## FOR THE YEAR-TO-DATE ENDED 30 JUNE 2024

| | Year-to-date ended | |
|---|---|---|
| | **30.6.2024** | **30.6.2023** |
| | RM'000 | RM'000 |
| **Cash flows from operating activities** | | |
| Profit before tax | 492,059 | 848,790 |
| Adjustments for: | | |
| Non-cash items | 64,750 | 89,521 |
| Non-operating items | (16,292) | (612,625) |
| Dividend income | (6,819) | (13,146) |
| Net interest expense | 65,771 | 90,117 |
| Operating profit before working capital changes | 599,469 | 402,657 |
| Net changes in working capital | (82,793) | 56,527 |
| Net changes in loan receivables | 137,337 | 101,480 |
| Net tax paid | (87,358) | (114,366) |
| Net interest paid | (136,741) | (147,744) |
| Net changes in land held for property development | (21,225) | (39,482) |
| ***Net cash flows generated from operating activities*** | 408,689 | 259,072 |
| **Cash flows from investing activities** | | |
| Dividends received from associate | 4,717 | 3,654 |
| Dividends received from money market deposits | 6,819 | 12,771 |
| Increase in money market deposits | (292,178) | (243,337) |
| Acquisition of subsidiary net of cash acquired | - | 3,665 |
| Disposal of subsidiaries net of cash disposed | 310 | 781,075 |
| Acquisition of shares from non-controlling interests | (15,771) | - |
| Proceeds from disposal of property, plant and equipment | 24,596 | 1,124 |
| Purchase of property, plant and equipment | (218,350) | (145,000) |
| Additions to investment properties | (44,538) | (359,546) |
| ***Net cash flows (used in)/generated from investing activities*** | (534,395) | 54,406 |
| **Cash flows from financing activities** | | |
| Dividends paid to owners of the Company and non-controlling interests | (277,231) | (280,395) |
| Net drawdown of borrowings | 256,171 | 196,246 |
| Payment of lease liabilities | (12,767) | (13,004) |
| ***Net cash flows used in financing activities*** | (33,827) | (97,153) |
| **Net (decrease)/increase in cash and cash equivalents** | (159,533) | 216,325 |
| Effects on exchange rate changes | (366) | 13,559 |
| **Cash and cash equivalents at beginning of the year** | 2,274,383 | 1,431,980 |
| **Cash and cash equivalents at end of the year** | 2,114,484 | 1,661,864 |
| **Cash and cash equivalents comprise the following amounts:** | | |
| Deposits with licensed banks | 801,896 | 944,633 |
| Cash in hand and at bank | 1,312,588 | 717,231 |
| | 2,114,484 | 1,661,864 |

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2023.

**Part A: Explanatory Notes Pursuant to MFRS 134**

1. **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 2023.

2. **Comments on the seasonality or cyclicality of operations**

The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

(a) The performances of the Group’s Property Division and Building Materials Division were influenced by the slowdown in construction activities in the first quarter of the financial year attributable to the timing of seasonal festive period.

(b) The Group’s Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

3. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

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

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

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

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

As at 30 June 2024, the Company held 12,000 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 2,489,681,583 ordinary shares.

6. **Dividends**

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

| | Year-to-date ended | |
|---|---|---|
| | **30.6.2024** | **30.6.2023** |
| | RM'000 | RM'000 |
| 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 |
| Dividend in respect of financial year ending 31 December 2024: | | |
| - first interim (10 sen) under the single tier system approved by the Directors on 29 May 2024 and paid on 27 June 2024 | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **<u>Current quarter ended 30 June 2024</u>** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External revenue | 182,815 | 245,687 | 33,539 | 119,364 | 592,890 | 240,736 | - | - | 1,415,031 |
| Inter-segment revenue | - | 6,299 | 12,351 | 2,228 | 49,096 | 26,323 | - | (96,297) | - |
| Total revenue | 182,815 | 251,986 | 45,890 | 121,592 | 641,986 | 267,059 | - | (96,297) | 1,415,031 |
| **Operating profit** | 37,594 | 150,989 | 41,680 | 4,845 | 26,695 | 48,276 | 2,381 | (2,292) | 310,168 |
| Finance costs | | | | | | | | | (50,380) |
| Other loss item | | | | | | | | | (632) |
| Share of results of associates and joint ventures | | | | | | | | | 8,948 |
| **Profit before tax** | | | | | | | | | 268,104 |
| **<u>Preceding year quarter ended 30 June 2023</u>** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External revenue | 168,787 | 114,269 | 48,597 | 396,926 | 716,720 | 203,059 | - | - | 1,648,358 |
| Inter-segment revenue | - | 7,345 | 12,018 | 1,903 | 68,495 | 27,398 | - | (117,159) | - |
| Total revenue | 168,787 | 121,614 | 60,615 | 398,829 | 785,215 | 230,457 | - | (117,159) | 1,648,358 |
| **Operating profit** | 13,958 | 24,275 | 42,586 | 15,118 | 73,348 | 42,495 | 9,733 | (44,569) | 176,944 |
| Finance costs | | | | | | | | | (54,705) |
| Other gain item | | | | | | | | | 594,979 |
| Share of results of associates and joint ventures | | | | | | | | | 11,834 |
| **Profit before tax** | | | | | | | | | 729,052 |

7. **Segment information (continued)**

| | Plantation RM'000 | Property RM'000 | Credit financing RM'000 | Automotive RM'000 | Trading RM'000 | Building materials RM'000 | Other non-reportable segments RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Year-to-date ended 30 June 2024** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External revenue | 341,818 | 466,307 | 66,149 | 267,248 | 1,180,166 | 432,764 | - | - | 2,754,452 |
| Inter-segment revenue | - | 12,594 | 24,735 | 5,730 | 105,729 | 57,474 | - | (206,262) | - |
| Total revenue | 341,818 | 478,901 | 90,884 | 272,978 | 1,285,895 | 490,238 | - | (206,262) | 2,754,452 |
| **Operating profit** | 86,893 | 271,157 | 81,800 | 13,804 | 61,626 | 82,695 | 9,579 | (30,005) | 577,549 |
| Finance costs | | | | | | | | | (98,420) |
| Other loss item | | | | | | | | | (632) |
| Share of results of associates and joint ventures | | | | | | | | | 13,562 |
| **Profit before tax** | | | | | | | | | 492,059 |
| **Segment assets** | 2,465,606 | 8,253,523 | 2,526,927 | 555,268 | 1,225,100 | 1,984,659 | 1,088,980 | - | 18,100,063 |
| **Segment liabilities** | 74,473 | 1,735,913 | 874,780 | 188,691 | 468,356 | 1,276,852 | 4,242,891 | - | 8,861,956 |
| **Year-to-date ended 30 June 2023** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External revenue | 328,721 | 205,122 | 98,646 | 862,387 | 1,364,748 | 380,037 | - | - | 3,239,661 |
| Inter-segment revenue | - | 14,643 | 23,856 | 4,282 | 123,803 | 53,081 | - | (219,665) | - |
| Total revenue | 328,721 | 219,765 | 122,502 | 866,669 | 1,488,551 | 433,118 | - | (219,665) | 3,239,661 |
| **Operating profit** | 46,255 | 42,974 | 84,825 | 44,284 | 118,172 | 82,692 | (257) | (77,000) | 341,945 |
| Finance costs | | | | | | | | | (105,468) |
| Other gain item | | | | | | | | | 594,979 |
| Share of results of associates and joint ventures | | | | | | | | | 17,334 |
| **Profit before tax** | | | | | | | | | 848,790 |
| **Segment assets** | 2,380,571 | 8,067,029 | 2,454,353 | 793,431 | 1,421,106 | 1,817,870 | 1,624,455 | - | 18,558,815 |
| **Segment liabilities** | 65,628 | 1,367,575 | 834,404 | 322,157 | 593,975 | 1,122,077 | 4,897,636 | - | 9,203,452 |

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

Save for the subsequent events disclosed in Note 10 of Part B, there were no events after the end of the interim period and up to 21 August 2024 that have 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 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) In view of the cessation of *HSC Melbourne Holding Pte Ltd's ["HSC Melbourne"] business operations with effect from 28 September 2023, the sole member of HSC Melbourne initiated the striking off process via an extraordinary general meeting held on 25 October 2023. On 5 February 2024, HSC Melbourne was struck off from Accounting and Corporate Regulatory Authority of Singapore. HSC Melbourne was incorporated in Singapore on 1 November 2017 as a private limited company, principally involved in investment holding.

(c) On 22 February 2024, *Hap Seng Land Development Sdn Bhd entered into a share sale agreement to acquire the remaining 9,000 ordinary shares representing 20% of the issued share capital of Sierra Ventures Sdn Bhd ["Sierra Ventures"] from Pegawai Penerima dan Pelikuidasi for Trio Dynasty Sdn Bhd (in liquidation), for a cash consideration of RM13,500. Sierra Ventures is principally involved in carrying out food and beverage business. With the completion of the aforesaid acquisition, Sierra Ventures became a wholly-owned subsidiary of the Company.

(d) On 3 May 2024, HPL incorporated a subsidiary, namely PT ICMH Ceramic Indonesia ["PT ICMH"] in Indonesia with an issued share capital of IDR10,000,000,000 comprising 100,000 ordinary shares. PT ICMH is principally involved in trading and distribution of tiles.

(e) In view of the cessation of *MML Marketing Pte Ltd's ["MML Singapore"] business operations with effect from 31 March 2022, the board of directors of MML Singapore initiated the striking off process by way of a directors' resolution in writing dated 4 January 2024. On 6 May 2024, MML Singapore was struck off from Accounting and Corporate Regulatory Authority of Singapore. MML Singapore was incorporated in Singapore on 25 July 2003 as a private limited company, principally involved in trading and distribution of porcelain and ceramic tiles in Singapore.

(f) In view of the cessation of *HSC Birmingham Holding Limited's ["HSC Birmingham"] business operations with effect from 31 October 2023, the board of directors of HSC Birmingham initiated the striking off process by way of a directors' resolution in writing dated 31 October 2023. On 31 May 2024, HSC Birmingham was struck off from Labuan Financial Services Authority. HSC Birmingham was incorporated in Federal Territory of Labuan, Malaysia on 18 August 2017 as a company limited by shares, principally involved in investment holding.

(g) On 13 June 2024, *Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"] entered into a shares sale agreement with East Rock Southern Sdn Bhd (formerly known as Pala Granite Sdn Bhd) ["East Rock"], pursuant to which HSBMH had agreed to dispose 10,000 ordinary shares representing 100% of the issued share capital of *Hap Seng Building Materials Marketing Pte Ltd for a cash consideration of S$121,147.14 ["HSBM Singapore Disposal"]. HSBM Singapore Disposal was completed on 28 June 2024, with a resultant loss of RM0.6 million to the Group.

* *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 21 August 2024.

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 30.6.2024** RM'000 | **As at 31.12.2023** RM'000 *(Audited)* |
|---|---|---|
| Contracted but not provided for | | |
| - property, plant and equipment | 371,478 | 420,330 |
| - investment properties | 440,997 | 563,728 |
| | 812,475 | 984,058 |

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 25 May 2023 and 29 May 2024.

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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 RM1.42 billion was 14% lower than the preceding year corresponding quarter of RM1.65 billion mainly due to lower revenue from Credit Financing, Automotive and Trading Divisions whilst Group's operating profit at RM310.2 million was 75% higher than the preceding year corresponding quarter of RM176.9 million, benefitted from higher profit contribution from Plantation, Property and Building Materials Divisions.

Plantation Division's revenue for the current quarter at RM182.8 million was 8% higher than the preceding year corresponding quarter of RM168.8 million, benefitted from higher average selling price of all palm products and higher sales volume of Crude Palm Oil ["CPO"]. Average selling price per tonne of CPO and Palm Kernel ["PK"] for the current quarter were higher at RM4,247 and RM2,524 as compared to the preceding year corresponding quarter of RM3,978 and RM2,168 respectively. CPO sales volume for the current quarter was 38,288 tonnes, 2% above the preceding year corresponding quarter of 37,635 tonnes due to timing of deliveries carried over from the immediate preceding quarter. PK sales volume was 9% lower at 6,929 tonnes as compared to the preceding year corresponding quarter of 7,604 tonnes due to lower production. CPO and PK production for the current quarter were lower than the preceding year corresponding quarter by 5% and 9% respectively as a consequence of lower fresh fruit bunches ["FFB"] production, affected by seasonal yield trend and changes in cropping patterns, lower volume of FFB purchased and lower extraction rates. Production cost for the current quarter was lower than the preceding year corresponding quarter, benefitted from lower fertilizer costs. Overall, operating profit for the current quarter at RM37.6 million was significantly higher than the preceding year corresponding quarter of RM14 million.

Property Division's revenue and operating profit for the current quarter at RM252 million and RM151 million were significantly higher than the preceding year corresponding quarter of RM121.6 million and RM24.3 million respectively. The division's current quarter performance benefitted mainly from sales of land. The division's hospitality segment continued to achieve revenue growth on the back of higher occupancy and average room rates. The property development segment's profit contribution was close to the preceding year corresponding quarter in spite of lower revenue by 14% in the current quarter, mainly due to sales mix of projects while units sold were consistent with the preceding year corresponding quarter. The investment properties segment's revenue was marginally below the preceding year corresponding quarter mainly due to lower contribution from its investment property in Kota Kinabalu but mitigated by higher contribution from its major investment properties in Kuala Lumpur City Centre.

Credit Financing Division remained vigilant in managing risks and uncertainties in its sectors of financing whilst exercising prudence and cautiousness in the approval of new businesses. As a consequence, total loan base has reduced further to RM2.3 billion at the end of the current quarter, 12% lower than the preceding year corresponding quarter of RM2.61 billion and 6% lower quarter-on-quarter. Accordingly, the division's revenue for the current quarter at RM45.9 million was 24% lower than the preceding year corresponding quarter of RM60.6 million, which also benefitted from a reversal of interest in suspense upon the normalisation of loans under the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Guarantee Scheme. Non-performing loans ["NPL"] ratio at the end of the current quarter was 3.01% as compared to 2.99% at the end of the preceding year corresponding quarter mainly due to lower loan base in spite of lower gross NPL. Overall, the division's operating profit for the current quarter at RM41.7 million was marginally lower than the preceding year corresponding quarter of RM42.6 million.

The Automotive Division's revenue for the current quarter at RM121.6 million was 70% below the preceding year corresponding quarter of RM398.8 million, affected by lower revenue from both its passenger car and commercial vehicle segments. The passenger car segment's performance for the current quarter was recalibrated by the change in revenue recognition for sales of new cars under the agency model adopted by its principal, Mercedes-Benz Malaysia with effect from 1 September 2023, comprising commission income only. The after sales and services segment's revenue was 10% lower due to sales mix and marginally lower throughput. The commercial vehicle segment continued to be affected by the delay in receiving the completely knocked down assembly kits and new truck models from its principal in Japan and registered a 47% decline in revenue over the preceding year corresponding quarter. Consequently, operating profit at RM4.8 million was 68% below the preceding year corresponding quarter of RM15.1 million.

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

Trading Division’s revenue for the current quarter at RM642 million was 18% lower than the preceding year corresponding quarter of RM785.2 million with lower revenue from all its businesses. Fertilizers trading business’ revenue for the current quarter was 19% lower than the preceding year corresponding quarter mainly due to lower average selling prices in both its Malaysian and Indonesian markets in tandem with the normalization of global fertilizers prices, mitigated by higher sales volume from its Malaysian operations. The general trading has reorganised its tiles business to Building Materials Division under Hafary Holdings Limited [“Hafary”] since first quarter last year and registered lower revenue by 17% as compared to the preceding year corresponding quarter. Consequently, the division’s operating profit for the current quarter at RM26.7 million was 64% below the preceding year corresponding quarter of RM73.3 million which also benefitted from a foreign exchange gain in its fertilizers trading business.

Building Materials Division’s revenue for the current quarter at RM267.1 million was 16% higher than the preceding year corresponding quarter of RM230.5 million with higher contribution from Hafary but reduced by lower sales from the quarry and brick businesses. Revenue from Hafary was 23% higher than the preceding year corresponding quarter attributable to higher contribution from its Malaysian operations. In the current quarter, revenue from quarry and brick businesses was 17% below the preceding year corresponding quarter resulting from the rationalisation of its quarries operations in Peninsular Malaysia. Nevertheless, operating profit of the quarry and brick businesses improved significantly, benefitted from higher selling prices and higher other income. Overall, the division’s operating profit for the current quarter was RM48.3 million, 14% higher than the preceding year corresponding quarter of RM42.5 million.

Group profit before tax [“PBT”] and profit after tax [“PAT”] for the current quarter at RM268.1 million and RM194.9 million were lower than the preceding year corresponding quarter by 63% and 71% respectively. The preceding year corresponding quarter’s results included RM595 million gain from the disposal of HS Credit (Manchester) Ltd. Excluding the aforementioned gain, PBT and PAT for the current quarter more than doubled that of the preceding year corresponding quarter.

Overall, Group PBT and PAT for the year to date at RM492.1 million and RM351 million were lower than the preceding period by 42% and 54% respectively. Profit attributable to owners of the Company and basic earnings per share for the year to date at RM307.4 million and 12.35 sen were both 57% lower than the preceding year corresponding period.

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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 30.6.2024** RM'000 | **Immediate Preceding Quarter ended 31.3.2024** RM'000 | ***Increase/ (Decrease)*** |
|---|---|---|---|
| Revenue | 1,415,031 | 1,339,421 | *6%* |
| Operating profit | 310,168 | 267,381 | *16%* |
| Profit before tax | 268,104 | 223,955 | *20%* |

Group PBT for the current quarter was 20% higher than the immediate preceding quarter mainly attributable to higher contribution from Property and Building Materials Divisions, partially reduced by lower contribution from Plantation Division.

Property Division's operating profit for the current quarter at RM151 million was 26% higher than the immediate preceding quarter of RM120.2 million, benefitted from sales of higher margin project stocks in the property development segment and higher contribution from sales of land.

Building Materials Division's operating profit for the current quarter at RM48.3 million was 40% higher than the immediate preceding quarter of RM34.4 million mainly attributable to higher sales and better profit margins from Hafary's project and general sectors in Singapore.

Plantation Division's operating profit for the current quarter at RM37.6 million was 24% lower than the immediate preceding quarter of RM49.3 million in spite of higher revenue by 15%, mainly due to loss from fair value adjustments of biological assets of RM4.5 million as compared to a gain of RM12.3 million in the immediate preceding quarter. Excluding the fair value adjustments of biological assets, the division's operating profit for the current quarter increased by 14% over the immediate preceding quarter which is in tandem with the increase in revenue.

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3. **Current year prospects**

Malaysia's palm oil inventories decreased month-on-month by 5.35% to 1.73 million tonnes at the end of July 2024. Average monthly CPO price in July 2024 was RM4,034 per tonne and daily prices in the first half of August 2024, ranged between RM3,833.50 and RM4,028 per tonne. In the recent World Agricultural Supply and Demand Estimate report released on 12 August 2024, global oilseed production is projected to increase further on higher production of soybean and rapeseed. This is expected to result in more competitive soft oil prices and narrow the price discount of palm oil to soybean oil. Industry analysts forecast palm oil stockpile to build up in the forthcoming months as production of FFB entered into its peak cropping season whilst exports are expected to be weaker. Cargo surveyors, Intertex Services reported a 12.2% decline in palm oil exports month-on-month during the first ten days of August 2024. Against this back drop, CPO prices are expected to be under pressure, particularly during its high cropping season. Palm oil producers continued to face inflationary pressures and high production costs. Nevertheless, the Group's Plantation Division continues to put concerted efforts to improve the overall efficiencies of its operations to mitigate the high cost of production whilst practising good plantation husbandry to further improve FFB yield and extraction rates.

The Malaysian property market registered a year-on year growth in transaction volume by 17.2% and a reduction in residential property overhang by 6.2% in the first quarter of 2024 based on statistics released by the National Property Information Centre ["NAPIC"]. According to property market analysts, the property market's performance in the first half of 2024 has been commendable and this momentum is expected to continue in the second half year. The continued government's support such as first home scheme and stamp duty exemptions for eligible buyers as well as the relaxing of the Malaysia My Second Home ["MM2H"] programme requirements will continue to be catalysts to stimulate house buyer interests. Bank Negara Malaysia's monetary policy stance to maintain the OPR at 3% during its recent meeting on 11 July 2024 remains supportive of the economy and augurs well for the property market. Notwithstanding the encouraging property market outlook, the Group's Property Division will continue to put concerted efforts to drive its property sales with attractive packages and improve profitability. The division's investment properties segment with relatively stable tenant portfolio is expected to continue to perform favourably with ongoing focus on improving occupancy rates and rental yield. The division' hospitality segment will continue to benefit from the increase in tourist arrivals and spendings in 2024.

The Credit Financing Division will continue to exercise cautiousness in its loans approval process and be vigilant to changes in the economic and financing landscapes surrounding its sectors of financing to manage operational risks and maintain a stable and sustainable loan portfolio. Focus on loan collections and non-performing loan recovery to enhance liquidity and asset quality, minimizing NPL and improving net interest margin are ongoing emphasis by the division to protect profitability.

The Malaysian Automotive Association ["MAA"] has revised its Forecast Total Industry Volume ["TIV"] for 2024 from the previous estimate of 740,000 units to 765,000 units (696,150 units passenger cars and 68,850 units of commercial vehicles) on the back of a resilient domestic economy. The revised TIV by MAA is 4.3% lower than 2023 of 799,731 units. Notwithstanding this, the Group's Automotive Division expects its premium passenger car segment to operate in a competitive business environment, particularly in the premium electric vehicles ["EV"] segment. 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. Its commercial vehicles segment is expected to face temporary supply shortage resulting from the delay in receiving the completely knocked down assembly kits and new truck models from its principal in Japan. To mitigate the competitive and challenging business environment, the division will continue to build strong market network, maintain customers service excellence and broaden its service offering and market reach.

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

The Trading Division's fertilizers trading business expects global prices of most of the major fertilizers to remain stable at current level which will continue to support demand. However, potash prices are expected to be firmer in the short term as shipments of Canadian potash may experience delays in the aftermath of the recent rail strike that started on 22 August 2024 in the world's largest producer of potash, disrupting transportation from its mines to the ports for export to global markets. Even though rail operations have resumed on 26 August 2024, after the Canadian Industrial Relations Board ordered a binding arbitration between the parties, the supply chain may take several weeks to normalise. Nevertheless, the fertilizers trading business has adequate stocks to meet its delivery commitments. The construction sector registered 17.2% growth in the second quarter, higher than first quarter of 11.9%. This momentum in the construction sector is expected to continue in the second half of the year which may benefit the Trading division's general trading business. The division will continue to place emphasis on managing inventories and receivables to mitigate operational risks and protect its margins to optimise profitability.

The Building Materials Division's Singapore operations via Hafary is expected to benefit from the anticipated increase in renovation activities arising from higher Housing Development Board ["HDB'] property resale transactions in the second quarter of 2024 that increased 4% quarter-on-quarter and 12.9% year-on-year. In addition, the growth in the Singapore's construction sector in the second quarter of 2024 by 3.8% year-on-year with a significant increase of 57.5% in construction contracts awarded in the residential segment may also provide business opportunities to the division. The division's quarry business will continue to focus on strategies to improve productivity and efficiency as well as strategic product pricing to protect its margin and improve profitability whilst being vigilant to business opportunities arising from major projects which may be rolled out in East Malaysia.

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.

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5. **Profit before tax**

| | Quarter ended | | Year-to-date ended | |
|---|---|---|---|---|
| | **30.6.2024** | **30.6.2023** | **30.6.2024** | **30.6.2023** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after crediting/(charging): | | | | |
| Interest income | 16,982 | 7,770 | 32,649 | 15,351 |
| Dividend income from equity investment at fair value through other comprehensive income | - | 187 | - | 375 |
| Dividend income from money market deposits | 3,591 | 2,835 | 6,819 | 12,771 |
| Net gain on money market deposits at fair value | 11,348 | 14,138 | 21,584 | 15,190 |
| Interest expense | (50,380) | (54,705) | (98,420) | (105,468) |
| Depreciation and amortisation | (51,011) | (53,308) | (104,872) | (105,235) |
| Net reversal/(allowance) of impairment losses | | | | |
| - trade receivables | 2,395 | (9,785) | (4,335) | (18,277) |
| Net reversal of inventories written down/ (net inventories written down) | 9,246 | (5,403) | 12,184 | (248) |
| Gain on disposal of property, plant and equipment | 2,075 | 14 | 3,362 | 312 |
| Property, plant and equipment written off | (28) | (2,326) | (1,664) | (3,200) |
| Investment properties written off | (17) | (6) | (17) | (8) |
| Bad debts written off | (13) | (3) | (13) | (44) |
| Net foreign exchange (loss)/gain | (580) | 3,173 | 6,369 | (11,869) |
| Net (loss)/gain on non-hedging derivative instruments | (2,797) | 9,253 | (1,437) | 14,608 |
| Net (loss)/gain from fair value adjustments of biological assets | (4,471) | (4,296) | 7,819 | (1,964) |
| Recovery of bad debts | 158 | 25 | 388 | 197 |
| Other (loss)/gain item | | | | |
| - (Loss)/gain on disposal of subsidiaries | (632) | 594,979 | (632) | 594,979 |

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

6. **Tax expense**

| | Quarter ended | | Year-to-date ended | |
|---|---|---|---|---|
| | **30.6.2024** | **30.6.2023** | **30.6.2024** | **30.6.2023** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current period | | | | |
| - income tax | 73,228 | 44,859 | 138,631 | 89,129 |
| - deferred tax | (73) | 2,028 | 2,444 | 4,818 |
| | 73,155 | 46,887 | 141,075 | 93,947 |
| In respect of prior periods | | | | |
| - income tax | 20 | (102) | 20 | (102) |
| | 73,175 | 46,785 | 141,095 | 93,845 |

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

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

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 21 August 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 September 2024 due to various extensions of time mutually agreed in writing by the parties thereto [“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.

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

(b) On 3 January 2022, *Sierra Positive Sdn Bhd [“Sierra Positive”] entered into a conditional sale and purchase agreement [“Met 3 SPA”] with TTDI KL Metropolis Sdn Bhd [“TKLM”], the wholly-owned subsidiary of Naza TTDI Sdn Bhd, which in turn is a 80%-owned subsidiary of NCH to acquire all that parcel of vacant commercial land known as Met 3, Plot 7A, KL Metropolis held under H.S.(D) 123243, PT 50386 (formerly held under Pajakan Negeri 52355, Lot 80929, Jalan Duta), Mukim Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 668,212.79 sq. ft [“Met 3 Land”] for a cash consideration of RM868,676,627 [“Met 3 Acquisition Consideration”]. Upon execution of the Met 3 SPA, 10% of the Met 3 Acquisition Consideration [“Met 3 Deposit”] was paid to TKLM [“Proposed Met 3 Acquisition”]. Completion of the Proposed Met 3 Acquisition is conditional upon the following authorities’ approvals to be obtained on or before 2 October 2024 due to various extensions of time mutually agreed in writing by the parties thereto [“Met 3 Conditional Period”], namely:

(i) the EPU Approval; and

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

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

(i) notwithstanding that the Met 3 SPA has not become unconditional, Sierra Positive shall pay the redemption sum of the Met 3 Land [“Met 3 Redemption Sum”] and a further 70% of the Met 3 Acquisition Consideration [“Met 3 70% Payment”] in exchange for the delivery of the discharge documents which included the original title of Met 3 Land [“Met 3 Discharge Documents”], together with an irrevocable power of attorney in respect of the Met 3 Land [“Met 3 PA”] to Sierra Positive’s solicitors’ to be held by them as stakeholders;

(ii) the balance of the Met 3 Acquisition Consideration after deducting the Met 3 Deposit, the Met 3 Redemption Sum and the Met 3 70% Payment shall be paid within one (1) month of the Met 3 SPA becoming unconditional; and

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

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

Pursuant to the supplemental agreement dated 30 August 2022, [“Met 3 Second SA”] TKLM agreed to deliver the Met 3 Land title with freehold status on completion of the Proposed Met 3 Acquisition and in consideration thereof, Sierra Positive shall pay to TKLM the sum of RM65,000,000 [“Met 3 Conversion Sum”] which resulted in an increase of the Met 3 Acquisition Consideration from RM868,676,627 to RM933,676,627 based on the valuation report dated 30 August 2022 of Met 3 Land. Upon execution of the Met 3 Second SA, 15% of the Met 3 Conversion Sum amounting to RM9,750,000 was paid to TKLM. The balance 85% of the Met 3 Conversion Sum amounting to RM55,250,000 was paid to TKLM on 26 September 2022.

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

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

On 2 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 proceeds from the HCML Disposal have been fully utilised as follows:

| Purpose | Proposed Utilisation Per *Circular RM'000 | Proposed Utilisation **Adjusted RM'000 | As at 30 June 2024 Utilisation RM'000 | Deviation under/(over) spent RM'000 | Deviation under/(over) spent % | Explanation |
|---|---|---|---|---|---|---|
| Repayment of borrowings | 650,000 | 650,000 | 650,000 | - | - | |
| 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 | 879,203 | - | | |

* *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 30.6.2024** *(Unaudited)* | | | | | | |
|---|---|---|---|---|---|---|---|
| | Denominated in | | | | | | |
| | RM<br>RM’000 | USD<br>RM’000 | SGD<br>RM’000 | Euro<br>RM’000 | IDR<br>RM’000 | RMB<br>RM’000 | Total<br>RM’000 |
| Current | | | | | | | |
| Secured | | | | | | | |
| - Term loans | - | - | 39,521 | - | - | - | 39,521 |
| - Revolving credits | - | - | 122,611 | - | - | - | 122,611 |
| | - | - | 162,132 | - | - | - | 162,132 |
| Unsecured | | | | | | | |
| - Term loans | 237,104 | 594,657 | 8,448 | - | - | - | 840,209 |
| - Revolving credits | 612,524 | 94,390 | 92,522 | - | 48,814 | 3,498 | 851,748 |
| - Trust receipts | - | - | 34,101 | 19,489 | - | - | 53,590 |
| - Bankers’ acceptances | 207,283 | - | - | - | - | - | 207,283 |
| - Medium term notes | 1,060,000 | - | - | - | - | - | 1,060,000 |
| | 2,116,911 | 689,047 | 135,071 | 19,489 | 48,814 | 3,498 | 3,012,830 |
| Total current borrowings | 2,116,911 | 689,047 | 297,203 | 19,489 | 48,814 | 3,498 | 3,174,962 |
| Non-current | | | | | | | |
| Secured | | | | | | | |
| - Term loans | - | - | 533,629 | - | - | - | 533,629 |
| Unsecured | | | | | | | |
| - Term loans | 515,527 | 245,770 | 2,812 | - | - | - | 764,109 |
| - Medium term notes | 2,635,000 | - | - | - | - | - | 2,635,000 |
| | 3,150,527 | 245,770 | 2,812 | - | - | - | 3,399,109 |
| Total non-current borrowings | 3,150,527 | 245,770 | 536,441 | - | - | - | 3,932,738 |
| Total borrowings | 5,267,438 | 934,817 | 833,644 | 19,489 | 48,814 | 3,498 | 7,107,700 |

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

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

| | As at 31.12.2023 *(Audited)* | | | | | | |
|---|---|---|---|---|---|---|---|
| | Denominated in | | | | | | |
| | RM RM'000 | USD RM'000 | SGD RM'000 | Euro RM'000 | JPY RM'000 | RMB RM'000 | Total RM'000 |
| <u>Current</u> | | | | | | | |
| 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 |
| <u>Non-current</u> | | | | | | | |
| 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.*

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

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

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

(a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], is the registered and beneficial proprietor of approximately 6,454 acres of land in the District of Kinabatangan, Sabah, designated as CL095310017 [the "Land"].

On 16 January 2012, Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH'], claiming to act under a power of attorney dated 8 February 1977 ["Alleged PA"], purportedly sold the Land to Excess Interpoint Sdn Bhd ["EISB"] through a sale and purchase agreement ["Purported SPA"]. Based on this agreement, EISB entered a private caveat on the Land on 3 April 2012.

On 8 April 2016, RESB commenced a legal suit in the High Court, Kota Kinabalu ["KKHC'] against both HCH and EISB through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"], seeking the following:

(i) A declaration that RESB is the rightful owner of the Land;
(ii) Nullification of the Purported SPA and the Alleged PA;
(iii) An injunction to prevent EISB from conducting further transactions or completing the Purported SPA;
(iv) An injunction against HCH regarding any actions related to the Alleged PA; and
(v) Legal costs and any other relief deemed appropriate by the Court.

On 24 April 2024, the KKHC ruled in favour of RESB, affirming its ownership and invalidating the Purported SPA and Alleged PA. The KKHC awarded RESB costs of RM40,000, payable by both HCH and EISB. The ruling confirms RESB's ownership and legal rights over the Land, providing a significant legal victory for RESB.

On 24 May 2024, EISB and HCH, represented by Messrs Ronny Cham & Co, filed and served a notice of appeal to the Court of Appeal Malaysia against the whole of the decision by the KKHC in respect of the KK RESB Suit delivered on 24 April 2024. A case management has been fixed on 27 September 2024 for the Court of Appeal to give directions on the appeal.

(b) On 11 June 2012, Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC"] filed a legal suit against RESB in the KKHC vide originating summon no. BKI-24-127/5-2012 ["KK Suit"], claiming ownership of the Land based on an alleged deed of appointment of substitute attorney by HCH dated 24 June 2010. SYC's claims were predicated on the assertion that HCH had transferred all his interests in the Land to him under the Alleged PA.

SYC sought the following:
(i) Recognition of his ownership and immediate possession of the Land;
(ii) An order for RESB to cease harvesting and removing any items from the Land; and
(iii) Legal costs and other appropriate relief.

On 24 April 2024, the KKHC delivered its ruling. It dismissed SYC's claims and ordered SYC to pay costs of RM40,000 to RESB. The ruling confirms RESB's ownership and legal rights over the Land, providing a significant legal victory for RESB.

On 24 May 2024, SYC, represented by Messrs Ronny Cham & Co, filed and served a notice of appeal to the Court of Appeal Malaysia against the whole of the decision by KKHC in respect of the KK Suit delivered on 24 April 2024. A case management has been fixed on 26 September 2024 for the Court of Appeal to give directions on the appeal.

11. **Derivatives**

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 30 June 2024 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) | | | | | |
| - Not designated as hedging instruments | 378,434 | (2,908) | 2,928 | (4,365) | (1,437) |
| Cross currency interest rate swaps on foreign currency borrowings of less than 7 years (USD) | | | | | |
| - Designated as hedging instruments* | 864,652 | 68,338 | 17,301 | (19,947) | (2,646) |

* *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 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 30 June 2024 given by the moneylending subsidiaries are as follows:

| | | **Secured** RM'000 | **Unsecured** RM'000 | **Total** RM'000 |
|---|---|---|---|---|
| (a) | To companies | 1,515,817 | - | 1,515,817 |
| (b) | To individuals | 253,233 | 1,173 | 254,406 |
| (c) | To companies within the listed issuer group | 505,242 | 20,325 | 525,567 |
| (d) | To related parties | - | - | - |
| | | 2,274,292 | 21,498 | 2,295,790 |

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

| | | **As at 30.6.2024** 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 | 842,792 |
| | | 842,792 |

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

| | | RM'000 |
|---|---|---|
| (a) | Balance as at 1.1.2024 | 68,924 |
| (b) | Loans classified as in default during the financial year | 12,816 |
| (c) | Loans reclassified as performing during the financial year | (1,894) |
| (d) | Amount recovered | (3,864) |
| (e) | Amount written off | (6,941) |
| (f) | Loans converted to securities | - |
| (g) | Balance as at 30.6.2024 | 69,041 |
| | | |
| (h) | Ratio of net loans in default to net loans | 3.01% |

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 | 419,857 | Yes | 467,834 | Yes* | 3 – 96 |
| 2nd | Term Loan | 245,861 | #257,782 | Yes | 376,040 | No | 129 |
| 3rd | Term Loan | 191,000 | 85,385 | Yes | 67,000 | Yes* | 60 |
| 4th | Term Loan | 23,000 | #35,731 | Yes | 49,000 | No | 60 |
| 5th | Term Loan | 43,000 | 21,746 | Yes | 95,000 | No | 84 |
| | Hire Purchase | 19,018 | 5,884 | Yes | 6,483 | No | 60 |
| | | 62,018 | 27,630 | | 101,483 | | |

** Companies within the listed issuer group.*

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

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

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

| | **Quarter ended** | | **Year-to-date ended** | |
|---|---|---|---|---|
| | **30.6.2024** | **30.6.2023** | **30.6.2024** | **30.6.2023** |
| Profit attributable to owners of the Company (RM'000) | 170,128 | 661,894 | 307,405 | 712,659 |
| 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) | 6.83 | 26.59 | 12.35 | 28.62 |

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

15. **Dividend**

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

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

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2023 was not subject to any qualification.

**BY ORDER OF THE BOARD**

**LIM GUAN NEE**
Company Secretary

Kuala Lumpur
27 August 2024