HAP SENG

Hap Seng Consolidated Berhad 197601000914 (26877-W)

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

	Quarter ended			**Year-to-date ended**		
	30.9.2024 RM'000	**30.9.2023** RM'000	***Increase/ (Decrease)***	**30.9.2024** RM'000	**30.9.2023** RM'000	***Increase/ (Decrease)***
Revenue	1,476,864	1,537,389	*(4%)*	4,231,316	4,777,050	*(11%)*
Operating expenses	(1,103,423)	(1,321,408)		(3,331,161)	(4,236,684)	
Net other operating (expense)/income	(20,756)	(43,429)		30,079	(25,869)	
Operating profit	352,685	172,552	*104%*	930,234	514,497	*81%*
Finance costs	(39,981)	(48,841)		(138,401)	(154,309)	
Other gain/(loss) items	-	5,305		(632)	600,284	
Share of results of associates and joint ventures	6,273	9,514		19,835	26,848	
Profit before tax	318,977	138,530	*130%*	811,036	987,320	*(18%)*
Tax expense	(91,076)	(55,206)		(232,171)	(149,051)	
Profit for the period	227,901	83,324	*174%*	578,865	838,269	*(31%)*
Profit attributable to:						
Owners of the Company	193,110	50,302	*284%*	500,515	762,961	*(34%)*
Non-controlling interests	34,791	33,022		78,350	75,308	
	227,901	83,324		578,865	838,269	
Earnings per share (sen)						
Basic	7.76	2.02	*284%*	20.10	30.65	*(34%)*
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 THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2024

	Quarter ended		Year-to-date ended	
	30.9.2024 RM'000	**30.9.2023** RM'000	**30.9.2024** RM'000	**30.9.2023** RM'000
Profit for the period	227,901	83,324	578,865	838,269
Other comprehensive (expense)/income net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(62,246)	(22,805)	(62,070)	27,120
Share of foreign currency translation differences of associates and joint ventures	(7,449)	(4,077)	(6,911)	2,451
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	632	(12,519)
Change in fair value of cash flow hedge	(5,082)	(1,471)	(7,728)	7,793
Total other comprehensive (expense)/income for the period	(74,777)	(28,353)	(76,077)	24,845
Total comprehensive income for the period	153,124	54,971	502,788	863,114
Total comprehensive income attributable to:				
Owners of the Company	134,686	23,225	441,683	779,163
Non-controlling interests	18,438	31,746	61,105	83,951
	153,124	54,971	502,788	863,114

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 SEPTEMBER 2024

	As at 30.9.2024 RM'000	As at 31.12.2023 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	4,804,657	4,650,184
Investment properties	2,866,430	2,775,011
Investment in associates	498,915	500,795
Investment in joint ventures	2,377	672
Land held for property development	2,723,733	2,628,022
Intangible assets	63,383	67,248
Trade and other receivables	1,092,411	1,170,257
Other financial assets	1,213	1,314
Deferred tax assets	65,598	67,356
	12,118,717	11,860,859
Current assets		
Inventories	1,331,722	1,608,515
Property development costs	116,521	107,191
Biological assets	40,246	20,433
Trade and other receivables	1,383,070	1,435,075
Contract assets	15,341	13,272
Tax recoverable	71,949	130,070
Other financial assets	-	54,287
Money market deposits	1,254,179	1,146,549
Cash and bank balances	1,847,833	2,274,383
	6,060,861	6,789,775
TOTAL ASSETS	18,179,578	18,650,634

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

	As at 30.9.2024 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	4,540,633	4,357,006
	8,060,187	7,876,560
Less: Treasury shares	(113)	(113)
	8,060,074	7,876,447
Non-controlling interests	1,412,021	1,398,287
TOTAL EQUITY	9,472,095	9,274,734
Non-current liabilities		
Trade and other payables	177,296	186,199
Contract liabilities	37,028	37,028
Employee benefits	1,015	1,412
Borrowings	4,322,953	4,141,221
Lease liabilities	112,067	109,387
Other financial liabilities	36,368	-
Deferred tax liabilities	495,402	497,478
	5,182,129	4,972,725
Current liabilities		
Trade and other payables	941,718	1,216,684
Contract liabilities	61,244	76,327
Provisions	345,821	319,321
Tax payable	88,843	64,108
Borrowings	2,040,438	2,693,040
Lease liabilities	23,717	24,609
Other financial liabilities	23,573	9,086
	3,525,354	4,403,175
TOTAL LIABILITIES	8,707,483	9,375,900
TOTAL EQUITY AND LIABILITIES	18,179,578	18,650,634
Net assets per share (RM)	3.24	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 SEPTEMBER 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	-	-	500,515	-	500,515	78,350	578,865
Total other comprehensive expense for the period	-	(58,832)	-	-	(58,832)	(17,245)	(76,077)
Total comprehensive income for the period	-	(58,832)	500,515	-	441,683	61,105	502,788
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	-	-	-	-	-	(40,689)	(40,689)
At 30 September 2024	3,519,554	86,082	4,454,551	(113)	8,060,074	1,412,021	9,472,095
At 1 January 2023	3,519,554	118,654	4,035,566	(113)	7,673,661	1,320,562	8,994,223
Profit for the period	-	-	762,961	-	762,961	75,308	838,269
Total other comprehensive income for the period	-	16,202	-	-	16,202	8,643	24,845
Total comprehensive income for the period	-	16,202	762,961	-	779,163	83,951	863,114
Acquisition of subsidiary	-	-	-	-	-	3,865	3,865
Dividend	-	-	(248,967)	-	(248,967)	-	(248,967)
Dividends paid to non-controlling interests	-	-	-	-	-	(44,168)	(44,168)
At 30 September 2023	3,519,554	134,856	4,549,560	(113)	8,203,857	1,364,210	9,568,067

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 SEPTEMBER 2024

	Year-to-date ended	
	30.9.2024	**30.9.2023**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	811,036	987,320
Adjustments for:		
Non-cash items	112,415	213,002
Non-operating items	(24,556)	(628,241)
Dividend income	(8,686)	(18,338)
Net interest expense	90,807	124,696
Operating profit before working capital changes	981,016	678,439
Net changes in working capital	(87,707)	377,543
Net changes in loan receivables	195,727	152,305
Net tax paid	(144,721)	(150,140)
Net interest paid	(200,180)	(214,012)
Net changes in land held for property development	(28,079)	(56,820)
Net cash flows generated from operating activities	716,056	787,315
Cash flows from investing activities		
Dividends received from associate	13,221	12,443
Dividends received from money market deposits	8,686	17,776
(Increase)/decrease in money market deposits	(93,779)	40,021
Acquisition of subsidiary net of cash acquired	-	3,665
Disposal of subsidiaries net of cash disposed	310	831,836
Acquisition of shares from non-controlling interests	(15,771)	-
Proceeds from disposal of property, plant and equipment	26,936	6,315
Purchase of property, plant and equipment	(352,196)	(249,372)
Additions to investment properties	(77,917)	(409,255)
Net cash flows (used in)/generated from investing activities	(490,510)	253,429
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(289,656)	(293,135)
Net (repayment)/drawdown of borrowings	(323,439)	102,899
Payment of lease liabilities	(20,725)	(19,035)
Net cash flows used in financing activities	(633,820)	(209,271)
Net (decrease)/increase in cash and cash equivalents	(408,274)	831,473
Effects on exchange rate changes	(18,276)	10,271
Cash and cash equivalents at beginning of the year	2,274,383	1,431,980
Cash and cash equivalents at end of the year	1,847,833	2,273,724
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	604,609	1,398,996
Cash in hand and at bank	1,243,224	874,728
	1,847,833	2,273,724

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 September 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	
	30.9.2024	**30.9.2023**
	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
Current quarter ended 30 September 2024									
Revenue									
External revenue	177,259	295,700	32,060	141,074	599,542	231,229	-	-	1,476,864
Inter-segment revenue	-	6,204	12,559	2,130	39,873	29,902	-	(90,668)	-
Total revenue	177,259	301,904	44,619	143,204	639,415	261,131	-	(90,668)	1,476,864
Operating profit	72,176	209,249	40,342	9,204	7,815	53,560	(29,024)	(10,637)	352,685
Finance costs									(39,981)
Share of results of associates and joint ventures									6,273
Profit before tax									318,977
Preceding year quarter ended 30 September 2023									
Revenue									
External revenue	164,555	122,100	44,822	311,013	669,187	225,712	-	-	1,537,389
Inter-segment revenue	-	6,703	12,264	4,550	57,745	30,922	-	(112,184)	-
Total revenue	164,555	128,803	57,086	315,563	726,932	256,634	-	(112,184)	1,537,389
Operating profit	49,959	(55,200)	31,578	15,732	72,962	56,568	22,385	(21,432)	172,552
Finance costs									(48,841)
Other gain item									5,305
Share of results of associates and joint ventures									9,514
Profit before tax									138,530

7. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 30 September 2024									
Revenue									
External revenue	519,077	762,007	98,209	408,322	1,779,708	663,993	-	-	4,231,316
Inter-segment revenue	-	18,798	37,294	7,860	145,602	87,376	-	(296,930)	-
Total revenue	519,077	780,805	135,503	416,182	1,925,310	751,369	-	(296,930)	4,231,316
Operating profit	159,069	480,406	122,142	23,008	69,441	136,255	(19,445)	(40,642)	930,234
Finance costs									(138,401)
Other loss item									(632)
Share of results of associates and joint ventures									19,835
Profit before tax									811,036
Segment assets	2,506,132	8,604,280	2,083,321	565,455	1,144,608	1,883,215	753,728	-	17,540,739
Segment liabilities	70,228	1,701,451	435,843	205,186	404,503	1,183,683	4,122,344	-	8,123,238
Year-to-date ended 30 September 2023									
Revenue									
External revenue	493,276	327,222	143,468	1,173,400	2,033,935	605,749	-	-	4,777,050
Inter-segment revenue	-	21,346	36,120	8,832	181,548	84,003	-	(331,849)	-
Total revenue	493,276	348,568	179,588	1,182,232	2,215,483	689,752	-	(331,849)	4,777,050
Operating profit	96,214	(12,226)	116,403	60,016	191,134	139,260	22,128	(98,432)	514,497
Finance costs									(154,309)
Other gain item									600,284
Share of results of associates and joint ventures									26,848
Profit before tax									987,320
Segment assets	2,415,949	7,868,689	2,407,301	689,346	1,375,564	1,831,085	1,725,484	-	18,313,418
Segment liabilities	70,257	1,306,571	944,796	204,580	427,777	1,125,478	4,813,480	-	8,892,939

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

Save for the subsequent events disclosed in Note 10 of Part B, the following is the only event which occurred after the end of the interim period and up to 15 November 2024.

On 6 November 2024, Hafary Shanghai Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited, a 50.82%-owned listed subsidiary of the Company, incorporated a wholly-owned subsidiary, namely Hafary Trading (Shanghai) Co., Ltd ["Hafary Trading Shanghai"] in People's Republic of China with an issued share capital of RMB6,000,000 comprising 6,000,000 ordinary shares. Hafary Trading Shanghai is to be principally involved in trading and distribution of building materials.

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.

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 (continued)**

(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 loss of RM0.6 million to the Group.

(h) On 28 August 2024, HPL incorporated a wholly-owned subsidiary, namely Hafary Bathroom Pte Ltd ["Hafary Bathroom"] in Singapore with an issued share capital of S$100 comprising 100 ordinary shares. Hafary Bathroom is principally involved in the trading and distribution of sanitary wares and other bathroom related products.

(i) On 3 September 2024, HPL incorporated a wholly-owned subsidiary, namely Hafary Shanghai Pte Ltd ["Hafary Shanghai"] in Singapore with an issued share capital of S$100 comprising 100 ordinary shares. Hafary Shanghai is the investment holding company of Hafary Trading (Shanghai) Co., Ltd.

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

10. **Significant events and transactions**

There were no events or transactions which are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 15 November 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 30.9.2024 RM'000	As at 31.12.2023 RM'000 *(Audited)*
Contracted but not provided for		
- property, plant and equipment	249,350	420,330
- investment properties	371,902	563,728
	621,252	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.

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 RM1.48 billion was 4% lower than the preceding year corresponding quarter of RM1.54 billion due to lower revenue from Credit Financing, Automotive and Trading Divisions, mitigated by higher revenue from Plantation, Property and Building Materials Divisions. Group's operating profit for the current quarter at RM352.7 million more than doubled that of the preceding year corresponding quarter of RM172.6 million, benefitted from higher profit contribution from Plantation, Property and Credit Financing Divisions.

Plantation Division's revenue for the current quarter at RM177.3 million was 8% above the preceding year corresponding quarter of RM164.6 million mainly due to higher average selling price and higher sales volume of all palm products. Current quarter's average selling price per tonne of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] were RM4,098 and RM2,731 as compared to the preceding year corresponding quarter of RM3,924 and RM2,142 respectively. CPO sales volume for the current quarter was marginally higher at 36,777 tonnes whilst PK sales volume was 4% higher at 8,525 tonnes as compared to the preceding year corresponding quarter of 36,726 tonnes and 8,167 tonnes respectively. Fresh fruit bunches ["FFB"] production was 12% higher in the current quarter due to seasonal yield trend and changes in cropping patterns. In tandem with this, CPO and PK production for the current quarter were also higher than the preceding year corresponding quarter by 9% and 5% respectively. Accordingly, unit production cost was lower in the current quarter. Overall, operating profit for the current quarter at RM72.2 million was 44% higher than the preceding year corresponding quarter of RM50 million.

Property Division's revenue for the current quarter at RM301.9 million more than doubled that of the preceding year corresponding quarter of RM128.8 million, benefitted mainly from sales of land. The hospitality segment continued to register improved performance with higher occupancy and average room rates. The investment property segment's performance is relatively stable with improved occupancy and rental rates from its major investment properties in Kuala Lumpur City Centre which offset the lower contribution from its investment property in Kota Kinabalu. In the preceding year corresponding quarter, the investment properties segment was affected by a loss from fair value adjustments. The property development segment's revenue declined by 42% as compared to the preceding year corresponding quarter mainly due to lower units sold. Overall, the division registered an operating profit of RM209.2 million for the current quarter as compared to an operating loss of RM55.2 million in the preceding year corresponding quarter.

Credit Financing Division's loan base at the end of the current quarter at RM2.25 billion was 11% below the preceding year corresponding quarter of RM2.53 billion as the division continues to be vigilant in managing risks and uncertainties in its sectors of financing, adopting a conservative approach to new loan approvals. Consequently, revenue for the current quarter at RM44.6 million was 22% lower than the preceding year corresponding quarter of RM57.1 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. Nevertheless, the division's operating profit for the current quarter at RM40.3 million was 28% higher than the preceding year corresponding quarter of RM31.6 million mainly attributable to lower provision for impairment of loans in tandem with lower non-performing loans ["NPL"]. Total NPL reduced by 14% in the current quarter resulting in a lower NPL ratio of 2.98% at the end of the current quarter as compared to 3.08% at the end of the preceding year corresponding quarter.

The Automotive Division's revenue for the current quarter at RM143.2 million was lower than the preceding year corresponding quarter by 55%, affected by lower contribution from both its passenger car and commercial vehicle segments. The passenger car segment's revenue in the current quarter was recalibrated by a 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. In the preceding year corresponding quarter, the division continued to operate under the dealership model until end of 2023 to clear the balance of its stocks whilst at the same time operating under the agency model. The after sales and services segment recorded 6% increase in revenue although throughput was marginally lower, benefitted from higher spare parts sales. The commercial vehicle segment's revenue was 44% lower than the preceding year corresponding quarter mainly due to lower volume sold, affected by the delay in receiving the completely knocked down assembly kits and new truck models from its principal in Japan. Consequently, operating profit at RM9.2 million was 41% below the preceding year corresponding quarter of RM15.7 million.

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

Trading Division's revenue for the current quarter at RM639.4 million was 12% lower than the preceding year corresponding quarter of RM726.9 million due to lower revenue from all its businesses. Revenue from fertilizers trading business was 11% below 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 business' revenue was 15% lower than the preceding year corresponding quarter as the division streamlined its branches operations to reduce credit and stockholding risks. Consequently, the division's operating profit for the current quarter at RM7.8 million was 89% below the preceding year corresponding quarter of RM73 million, also affected by higher foreign exchange loss on translation of foreign currency forward contracts incurred by the fertilizers trading business.

Building Materials Division's revenue for the current quarter at RM261.1 million was 2% higher than the preceding year corresponding quarter of RM256.6 million mainly attributable to higher revenue from Hafary but reduced by lower sales from the quarry and brick businesses. Hafary's revenue for the current quarter was 12% above the preceding year corresponding quarter with significantly higher sales from its Malaysian operations but reduced by lower sales from its Singapore operations which resulted in lower operating profit. Quarry and brick businesses' revenue for the current quarter was 43% lower than the preceding year corresponding quarter following the rationalisation of its quarry operations in Peninsular Malaysia and cessation of its Singapore aggregates trading operation. Nevertheless, quarry and brick businesses' operating profit was higher than the preceding year corresponding quarter, benefitted mainly from higher profit margin and gain from disposal of certain plant and machineries. Accordingly, the division's operating profit for the current quarter at RM53.6 million was 5% below the preceding year corresponding quarter of RM56.6 million.

Overall, the Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM319 million and RM227.9 million were significantly higher than the preceding year corresponding quarter by 130% and 174% respectively.

Year-to-date Group PBT and PAT at RM811 million and RM578.9 million were lower than the preceding year corresponding period by 18% and 31% respectively. The results for the preceding year corresponding period included RM600.3 million gains from the disposal of subsidiaries. Excluding these gains, PBT and PAT for the year-to-date would be higher than the preceding year corresponding period by 110% and 144% respectively.

Consequently, profit attributable to owners of the Company and basic earnings per share for the year-to-date at RM500.5 million and 20.10 sen were both 34% lower than the preceding year corresponding period.

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

	Current Quarter ended 30.9.2024 RM'000	**Immediate Preceding Quarter ended 30.6.2024** RM'000	***Increase/ (Decrease)***
Revenue	1,476,864	1,415,031	*4%*
Operating profit	352,685	310,168	*14%*
Profit before tax	318,977	268,104	*19%*

Group PBT for the current quarter was 19% above the immediate preceding quarter mainly attributable to higher contribution from Plantation and Property Divisions, reduced by lower contribution from Trading Division and higher unrealised net foreign exchange loss due to the stronger Ringgit.

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

Plantation Division's operating profit for the current quarter at RM72.2 million was 92% above the immediate preceding quarter of RM37.6 million, benefitted mainly from lower CPO unit production cost due to higher production volume and the gain from fair value adjustments of biological assets of RM12 million as compared to a loss of RM4.5 million in the immediate preceding quarter.

Property Division's operating profit for the current quarter at RM209.2 million was 39% higher than the immediate preceding quarter of RM151 million, mainly attributable to higher contribution from sales of land.

Trading Division's operating profit for the current quarter at RM7.8 million was 71% lower than the immediate preceding quarter of RM26.7 million mainly due to higher foreign exchange loss on translation of foreign currency forward contracts incurred by its fertilizers trading business. Excluding this, Trading Division's operating profit is consistent with the immediate preceding quarter.

3. **Current year prospects**

Malaysia's palm oil inventories at end of October 2024 were 1.88 million tonnes, 6.32% lower than September 2024 on the back of lower production and higher exports. Malaysia's palm oil exports increased 11% month-on-month in October 2024 supported by stronger demand by India, China and the European Union. Daily prices of CPO in October 2024 trended higher from RM4,170.50 per tonne at the beginning of the month to close at RM4,735 per tonne at end of the month whilst prices for the first eleven days of November 2024 ranged from RM4,855 to RM5,157.50 per tonne. The revision of Malaysia's CPO export duty and increase in Indonesia's export duty reference price with effect from November 2024 have also fuelled demand and drove CPO prices higher. The expectation of lower palm oil production in Indonesia, higher soybean oil prices and Indonesia pushing ahead with the implementation of its B40 biodiesel mandate are expected to support the current level of CPO prices. The proposed increase in minimum wage rate from RM1,500 to RM1,700 per month with effect from 1 February 2025 will increase the group's cost of production in the future but this will be partly offset by the proposed increase in the threshold price for windfall tax levy by RM150 to RM3,650 for Sabah with effect from 1 January 2025. With the expected increase in production cost, the Group's Plantation Division will continue to put concerted efforts to improve the overall efficiencies of its operations to mitigate the higher cost of production whilst practising good plantation husbandry to further improve FFB yield and extraction rates.

Based on the first half 2024 property market report released by the Ministry of Finance, the Malaysian property market's transaction volume for the first half of 2024 grew 8% year-on-year with the residential sub-sector registering 6.1% increase in transaction volume and 12.3% decrease in property overhang. This momentum is expected to continue in tandem with the positive outlook on the Malaysian economy. The various government initiatives, including first home scheme and stamp duty exemptions for eligible buyers, the relaxation of the Malaysia My Second Home (MM2H) programme requirements and the stable Overnight Policy Rate at 3% are expected to continue to support buying interests in the residential property market. The Group's Property Division will continue to put concerted efforts to drive property sales with attractive packages to reduce its property stocks mainly in Sabah. Its investment properties segment is expected to continue to perform favourably with its relatively stable tenant portfolio and ongoing focus on optimising occupancy rates and rental yield. The increase in tourist arrivals and spendings particularly during the year end holiday season is expected to benefit the division's hospitality segment.

The Credit Financing Division will continue to maintain a strategy of prudent lending 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. It will continue to adopt a conservative approach and exercise cautiousness in its loan approval process. Emphasis will also be placed on effective loan collections and non-performing loan recovery to enhance liquidity and asset quality, minimizing NPL, improving net interest margin and maintain a quality loan portfolio.

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

Automotive Division expects its premium passenger car and commercial vehicle segments to continue operating in a very competitive business environment. The premium passenger car segment, particularly the premium electric vehicles ["EV"] segment faced aggressive competition from existing players and new entrants at more affordable pricing. The after sales and services segment is expected to maintain its performance. The commercial vehicles segment expects its performance in the fourth quarter to improve upon the normalisation of supply of the completely knocked down units and new trucks model from its principal in Japan. The division will continue to build strong market network, maintain customers service excellence to differentiate itself from its competitors and broaden its service offering and market reach to mitigate the competitive and challenging business environment.

The Trading Division's fertilizers trading business expects the global fertilizers prices to be stable at current level. The current strong CPO prices and the more affordable fertilizer prices are expected to augur well for the division as it enters the new fertilizers tender season, supporting the demand of fertilizers. However, fertilizers deliveries may be affected during the year end wet weather conditions as planters may delay fertilizer applications during this period. The division will continue to streamline its general trading business to mitigate operational risks and optimise profitability.

The Building Materials Division's operations in Singapore via Hafary is expected to perform consistently in tandem with the renovation activities in the property resale and sub-sale market in Singapore. The recent statistics released by the Urban Redevelopment Authority of Singapore for the third quarter of 2024 indicated a consistent volume of residential resale and sub-sale transactions quarter-on-quarter. Hafary's Malaysian operations are expected to grow in revenue. The division's quarry business will focus on its operations in East Malaysia and continued to be vigilant to business opportunities arising from major projects which may be rolled out in East Malaysia whilst streamlining its operations to improve productivity and efficiency as well as strategic product pricing to protect its margin and improve profitability.

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	
	30.9.2024	**30.9.2023**	**30.9.2024**	**30.9.2023**
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	14,945	14,262	47,594	29,613
Dividend income from equity investment at fair value through other comprehensive income	-	187	-	562
Dividend income from money market deposits	1,867	5,005	8,686	17,776
Net gain on money market deposits at fair value	8,364	10,967	29,948	26,157
Interest expense	(39,981)	(48,841)	(138,401)	(154,309)
Depreciation and amortisation	(52,232)	(52,979)	(157,104)	(158,214)
Net allowance of impairment losses				
- trade receivables	(256)	(17,155)	(4,591)	(35,432)
Net reversal of inventories written down	11,965	10,064	24,149	9,816
Gain on disposal of property, plant and equipment	1,991	797	5,353	1,109
Property, plant and equipment written off	(335)	(1,074)	(1,999)	(4,274)
Investment properties written off	(150)	(534)	(167)	(542)
Bad debts written off	(7)	-	(20)	(44)
Net foreign exchange (loss)/gain	(36,298)	12,741	(29,929)	872
Net (loss)/gain on non-hedging derivative instruments	(11,044)	(5,295)	(12,481)	9,313
Net loss from fair value adjustments of investment properties	-	(82,269)	-	(82,269)
Net gain from fair value adjustments of biological assets	11,994	15,023	19,813	13,059
Recovery of bad debts	293	147	681	344
Other (loss)/gain items				
- (Loss)/gain on disposal of subsidiaries	-	5,305	(632)	600,284

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

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6. **Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2024	**30.9.2023**	**30.9.2024**	**30.9.2023**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	92,347	58,748	231,033	147,877
- deferred tax	(509)	(466)	1,061	4,352
	91,838	58,282	232,094	152,229
In respect of prior periods				
- income tax	124	(3,003)	89	(3,105)
	(886)	(73)	(12)	(73)
	(762)	(3,076)	77	(3,178)
	91,076	55,206	232,171	149,051

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.

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

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 15 November 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 2025 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 April 2025 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 the Met 3 Acquisition Consideration having increased from RM868,676,627 to RM933,676,627 based on the valuation report dated 30 August 2022 of Met 3 Land. The Met 3 Conversion Sum has been settled in full 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 September 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 30.9.2024 *(Unaudited)*					
	Denominated in					
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	RMB RM'000	Total RM'000
Current						
Secured						
- Term loans	-	-	36,760	-	-	36,760
- Revolving credits	-	-	95,808	-	-	95,808
	-	-	132,568	-	-	132,568
Unsecured						
- Term loans	211,628	-	7,237	-	-	218,865
- Revolving credits	357,072	-	92,103	-	6,104	455,279
- Trust receipts	-	-	40,088	26,404	-	66,492
- Bankers' acceptances	147,234	-	-	-	-	147,234
- Medium term notes	1,020,000	-	-	-	-	1,020,000
	1,735,934	-	139,428	26,404	6,104	1,907,870
Total current borrowings	1,735,934	-	271,996	26,404	6,104	2,040,438
Non-current						
Secured						
- Term loans	-	-	484,802	-	-	484,802
Unsecured						
- Term loans	537,361	214,541	1,249	-	-	753,151
- Medium term notes	3,085,000	-	-	-	-	3,085,000
	3,622,361	214,541	1,249	-	-	3,838,151
Total non-current borrowings	3,622,361	214,541	486,051	-	-	4,322,953
Total borrowings	5,358,295	214,541	758,047	26,404	6,104	6,363,391

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
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.

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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 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 10 January 2025 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 10 January 2025 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 September 2024 are as follows:

	Contract/ Notional Value RM'000	Fair Value: Assets/ (Liabilities) RM'000	Gain/(loss) On Derivative Instruments RM'000	Gain/(loss) On Hedged Items RM'000	Net Gain/(loss) RM'000
Forward currency contracts of less than 1 year (USD/Euro/JPY)					
- Not designated as hedging instruments	371,100	(23,573)	(17,737)	5,256	(12,481)
Cross currency interest rate swaps on foreign currency borrowings of less than 7 years (USD)					
- Designated as hedging instruments*	244,000	(36,368)	(87,405)	79,677	(7,728)

* *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 September 2024 given by the moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	1,483,034	-	1,483,034
(b)	To individuals	233,650	1,162	234,812
(c)	To companies within the listed issuer group	513,562	18,810	532,372
(d)	To related parties	-	-	-
		2,230,246	19,972	2,250,218

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

		As at 30.9.2024
		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	403,000
		403,000

(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	21,299
(c)	Loans reclassified as performing during the financial year	(8,072)
(d)	Amount recovered	(8,167)
(e)	Amount written off	(6,941)
(f)	Loans converted to securities	-
(g)	Balance as at 30.9.2024	67,043
(h)	Ratio of net loans in default to net loans	2.98%

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	419,878	Yes	467,834	Yes*	3 – 96
2nd	Term Loan	258,083	#265,371	Yes	376,040	No	123
3rd	Term Loan	191,000	93,684	Yes	67,000	Yes*	60
4th	Term Loan	23,000	#36,424	Yes	49,000	No	60
5th	Term Loan	43,000	20,972	Yes	95,000	No	84
	Hire Purchase	19,018	5,478	Yes	6,483	No	60
		62,018	26,450		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	
	30.9.2024	**30.9.2023**	**30.9.2024**	**30.9.2023**
Profit attributable to owners of the Company (RM'000)	193,110	50,302	500,515	762,961
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)	7.76	2.02	20.10	30.65

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

15. **Dividend**

Dividends for the current financial year ending 31 December 2024 are as follows:

(a) first interim dividend of 10 sen (2023: 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 29 May 2024 and paid on 27 June 2024;

(b) the Board of Directors has on even date approved the following second interim dividend for the financial year ending 31 December 2024:

(i)	Amount per ordinary share - Second Interim Dividend	10 sen (2023: 15 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.
(ii)	Total dividend approved to date for the current financial year: Amount per ordinary share	20 sen comprising first interim dividend of 10 sen and second interim dividend of 10 sen (2023: 25 sen comprising first interim dividend of 10 sen and second interim dividend of 15 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.

(c) The dividend will be payable in cash on 19 December 2024; and

(d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 5 December 2024.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 10 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2024, will be payable in cash on 19 December 2024 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 5 December 2024. A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the depositor's securities account before 4.30 pm on 5 December 2024 in respect of transfers; and
(b) shares bought on the Bursa Malaysia Securities Berhad [“ Bursa Securities”] on a cum entitlement basis according to the rules of the Bursa Securities.

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

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

BY ORDER OF THE BOARD

LIM GUAN NEE
Company Secretary

Kuala Lumpur
21 November 2024