



ANNUAL REPORT 2024

HAP SENG CONSOLIDATED BERHAD



ABOUT US

Hap Seng Consolidated Berhad ("HSCB") is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. HSCB is a diversified group with six core businesses namely plantation, property, credit financing, automotive, trading and building materials. Progressive and forward-looking, the Group's emphasis on value creation, operational excellence and sustainability has enabled the Group to consistently deliver value to our shareholders.

MISSION STATEMENTS



To provide quality products and excellent services that differentiates us from others.



To be the preferred partner and promote win-win business relationships.



To be a good corporate citizen in harmony with the environment and the communities we serve.



To achieve sustainable growth and returns for our shareholders over the long term.



To be the employer of choice.

OUR SIX BUSINESS DIVISIONS

Plantation



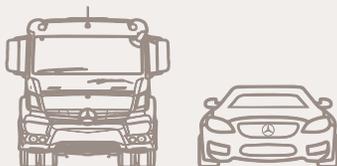
Property



Credit Financing



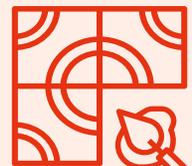
Automotive



Trading



Building Materials



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Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Thomas Karl Rapp

Independent Non-Executive Chairman

Datuk Edward Lee Ming Foo, JP

Managing Director

Cheah Yee Leng

Executive Director

Datuk Simon Shim Kong Yip, JP

Non-Independent Non-Executive Director

Dato' Wan Mohd Fadzmi Bin Che

Wan Othman Fadzilah

Independent Non-Executive Director

Tan Boon Peng

Independent Non-Executive Director

Wong Yoke Nyen

Independent Non-Executive Director

COMPANY SECRETARY

Lim Guan Nee
(MAICSA 7009321)
SSM Practising Certificate No. 202008003410

REGISTERED OFFICE

21st Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 603-2172 5228
Fax : 603-2172 5286
E-mail : inquiry@hapseng.com
Website : www.hapseng.com

PLACE OF INCORPORATION

Malaysia

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7890 4700
Fax : 603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
MUFG Bank (Malaysia) Berhad
Affin Bank Berhad

GROUP

Hap Seng Consolidated Berhad together with its subsidiaries

GROUP FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2024	2023	2022	2021	2020
INCOME (RM'000)					
Revenue	5,630,715	6,086,118	7,110,496	6,012,754	5,850,326
Profit before interest and tax	1,223,648	1,257,835	1,455,367	1,610,004	1,310,656
Profit before tax	1,105,166	1,101,919	1,330,460	1,449,898	1,106,935
Profit attributable to owners of the Company	650,480	800,325	950,655	900,433	750,179
FINANCIAL POSITION (RM'000)					
Assets					
Total assets	19,035,525	18,650,634	18,654,245	17,481,224	17,269,962
Net assets	7,978,975	7,876,447	7,673,661	7,507,391	7,484,328
Current assets	6,932,407	6,789,775	6,895,636	7,524,553	8,324,346
Liabilities					
Current liabilities	4,171,760	4,403,175	4,250,747	3,943,221	4,542,273
Borrowings	7,156,792	6,834,261	7,069,000	6,316,317	6,490,655
Net Borrowing *	3,507,028	3,413,329	4,213,074	3,222,631	3,505,735
Equity					
Paid-up share capital	3,519,554	3,519,554	3,519,554	3,519,554	3,519,554
Shareholders' equity	7,978,975	7,876,447	7,673,661	7,507,391	7,484,328
Total equity	9,420,211	9,274,734	8,994,223	8,704,759	8,657,593
Total equity (excluding intangible assets)	9,356,847	9,207,486	8,956,389	8,666,823	8,619,555
Number of shares ('000)**					
Weighted average shares in issue	2,489,670	2,489,670	2,489,670	2,489,670	2,489,670
Shares in issue	2,489,670	2,489,670	2,489,670	2,489,670	2,489,670
FINANCIAL RATIOS					
Return on total assets (%)	3.42	4.29	5.10	5.15	4.34
Return on shareholders' equity (%)	8.15	10.16	12.39	11.99	10.02
Current ratio (times)	1.66	1.54	1.62	1.91	1.83
Net Debt-to-Equity ratio (times)@	0.37	0.37	0.47	0.37	0.41
SHARE INFORMATION					
Per share					
Basic earnings (sen)#	26.13	32.15	38.18	36.17	30.13
Net assets (RM)##	3.20	3.16	3.08	3.02	3.01
Dividend (sen)	20.00	25.00	30.00	35.00	25.00
Share price (RM)					
Year high	4.93	7.40	8.30	8.85	10.08
Year low	3.37	3.03	5.75	7.30	6.70
As at 31 December	3.50	4.55	6.40	7.70	8.60
Market capitalisation (RM'000)	8,713,844	11,327,997	15,933,885	19,170,459	21,411,162
Trading volume ('000)	89,297	498,221	119,715	93,248	119,031

* Net borrowings comprised borrowings net of money market deposits and cash and bank balances

** Net of treasury shares

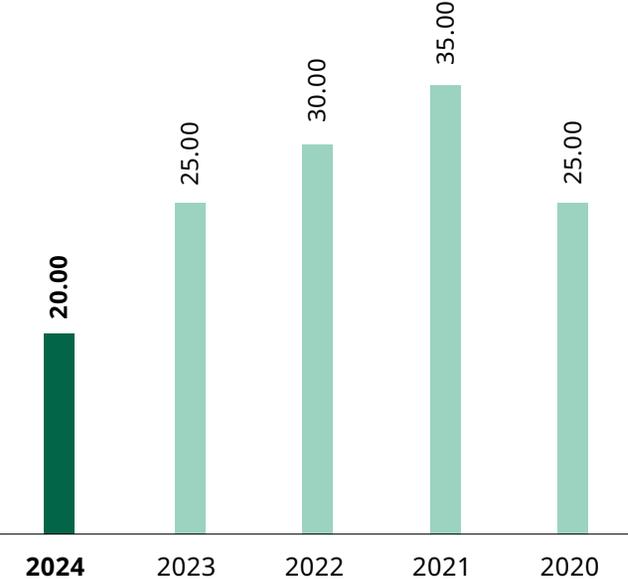
@ Net debt-to-equity ratio is computed based on net borrowings and total equity (excluding intangible assets)

Based on weighted average number of shares in issue net of treasury shares

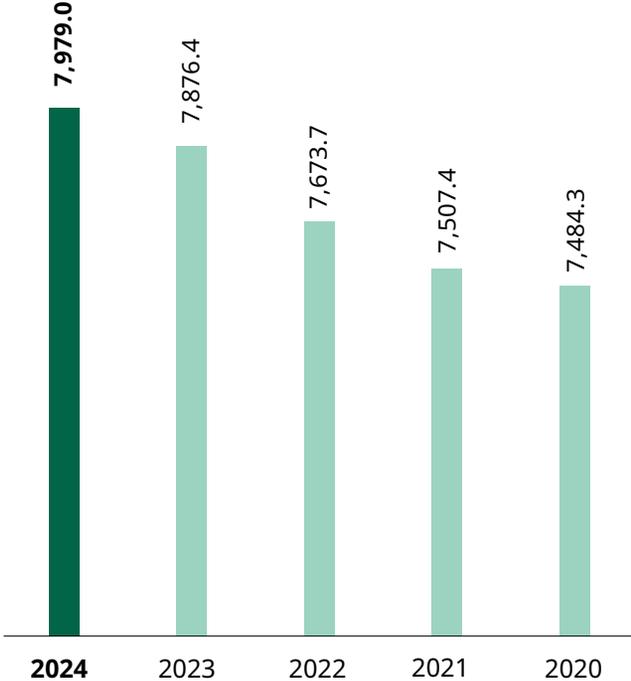
Based on number of shares in issue net of treasury shares

GROUP FINANCIAL HIGHLIGHTS

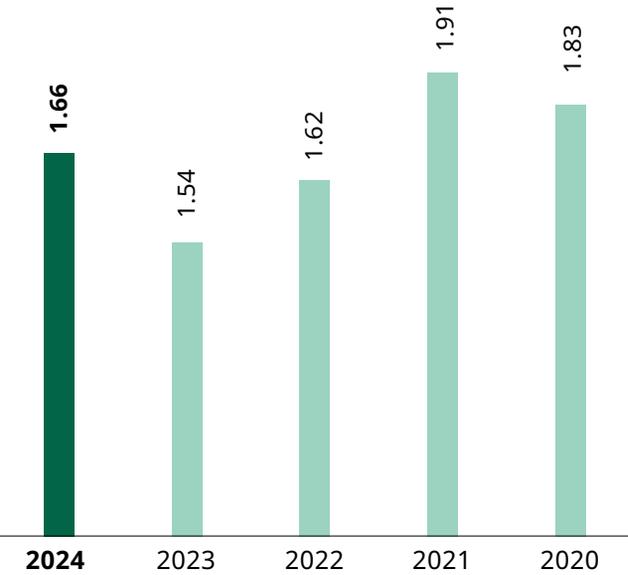
DIVIDEND PER SHARE (sen)



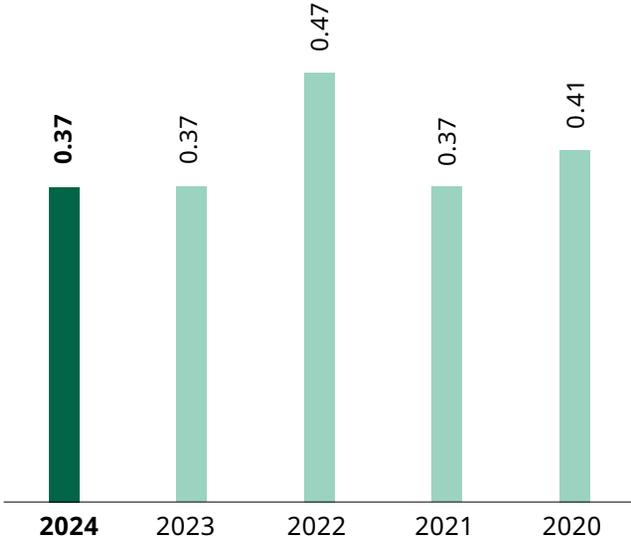
SHAREHOLDERS' EQUITY (RM'million)



CURRENT RATIO (times)

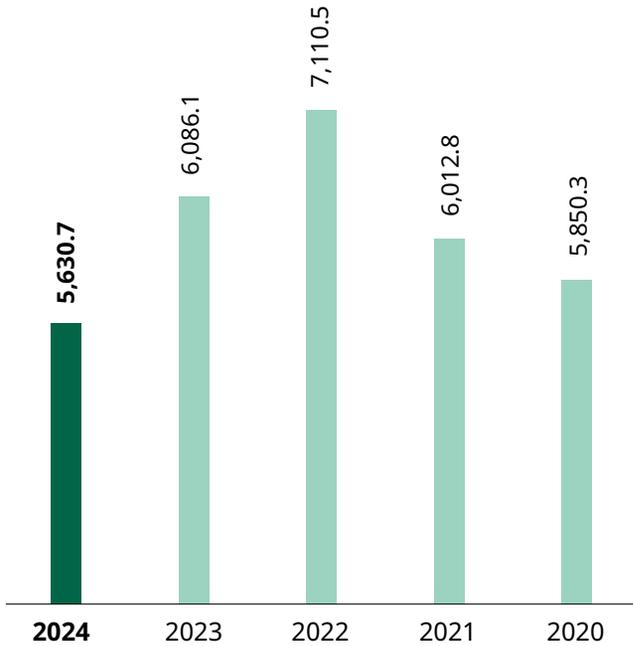


NET DEBT-TO-EQUITY RATIO (times)

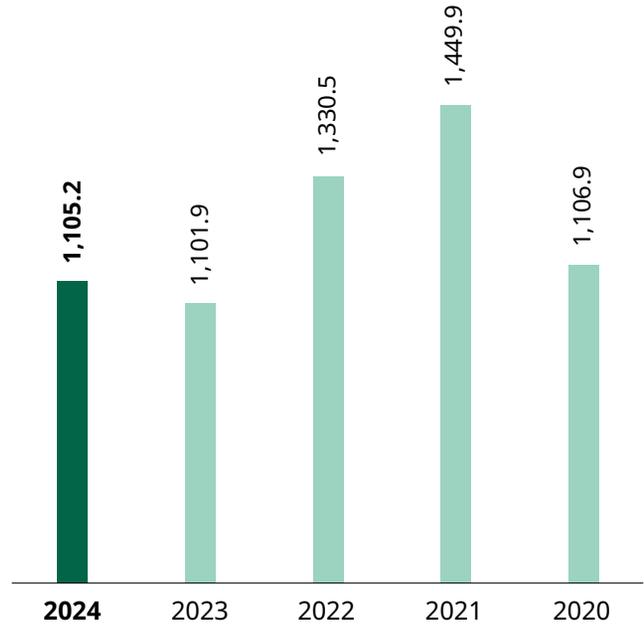


GROUP FINANCIAL HIGHLIGHTS

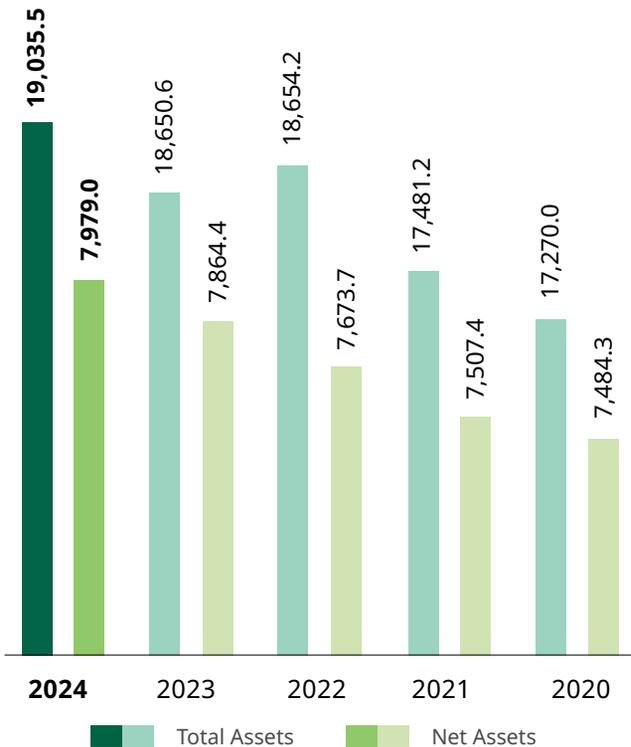
REVENUE (RM'million)



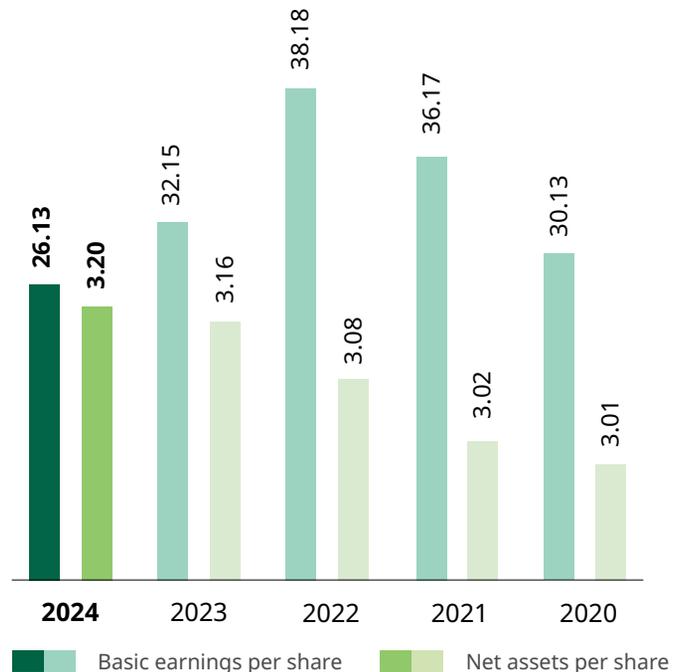
PROFIT BEFORE TAX (RM'million)



TOTAL ASSETS/NET ASSETS (RM'million)



BASIC EARNINGS PER SHARE/ NET ASSETS PER SHARE (sen)/(RM)



MANAGEMENT DISCUSSION AND ANALYSIS

THE GROUP

Hap Seng Consolidated Berhad is a diversified group with six core businesses – plantation, property, credit financing, automotive, trading and building materials. The Group's operations are predominantly in Malaysia, with market presence in Singapore, Indonesia, China and the United Kingdom.

VISION

Creating Value Together

The Group strives to create value together with all its stakeholders, including its shareholders, customers, business partners and employees, by fostering partnerships built on trust and confidence. In the course of undertaking its business operations, the Group endeavours to be in harmony with the environment and communities for a better future.

STRATEGIES IN CREATING VALUE

The Group will continue to build on its six core businesses by leveraging on its competencies and strong market presence. The Group believes in adhering to industry best practices in its operations and will continue to optimise operational efficiency and effectiveness in order to derive maximum value from its products and services. A key strength of the Group is the synergistic value of its core businesses. The Group shall continue to leverage on these synergies by capitalising on the extensive business networks and customer base of each core business.

MARKET LANDSCAPE

Malaysia's GDP growth accelerated to 5.1% in 2024, as compared to 2023 GDP growth rate of 3.6%. This robust growth stemmed from strong domestic demand and a recovery in exports. Domestically, growth was driven by healthy household spending amid favourable labour market conditions and supportive government policies. Additionally, increased investment spurred by approvals for new projects and the continued development of existing public and private sector initiatives (including key national master plans like the New Industrial Master Plan, the National Energy Transition Roadmap and the National Semiconductor Strategy), further fuelled growth. Externally, export recovery is driven by steady global growth and a continuing technology upcycle.

The construction sector grew significantly by 17.5% (2023: 6.1%) driven by robust growth in residential, non-residential and special trade subsectors. The Department of Statistics Malaysia (DOSM) reported that Malaysia's construction sector saw its fastest growth in work done value since the second quarter of 2022, increasing by 23.1% year-on-year in the fourth quarter of 2024. The service sector recorded moderate growth of 5.4% (2023: 5.1%) amid increased support from both consumer and business-related subsectors particularly in wholesale and retail trade activities, as well as the consistently strong transport and storage sub-sector. The manufacturing sector growth accelerated by 4.2% (2023: 0.7%) with continued growth in electrical and electronics and primary-related clusters.

Private investment grew significantly by 12.3% (2023: 4.6%) driven by strong investment growth backed by continued realisation of new and ongoing projects. Public investment grew by 11.1% (2023: 8.6%) supported by continued spending by the government and public corporations. Private consumption grew moderately by 5.1% (2023: 4.7%) driven by favourable labour market conditions and supportive policy measures. Public consumption also grew moderately by 4.7% (2023: 3.3%) amid higher government spending on emoluments, and supplies and services.

Net exports grew by 2.2% in 2024 (2023: contraction of 16.2%) boosted by strong export performance amid moderation in capital and intermediate imports.

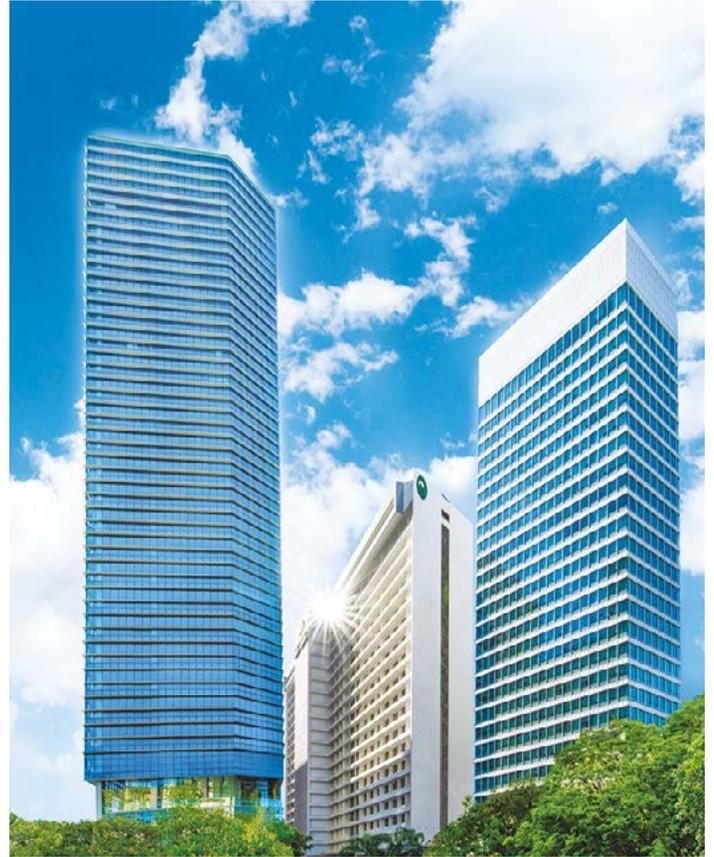
Both headline and core inflation for 2024 declined to 1.8% (2023: 2.5% and 3.0% respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

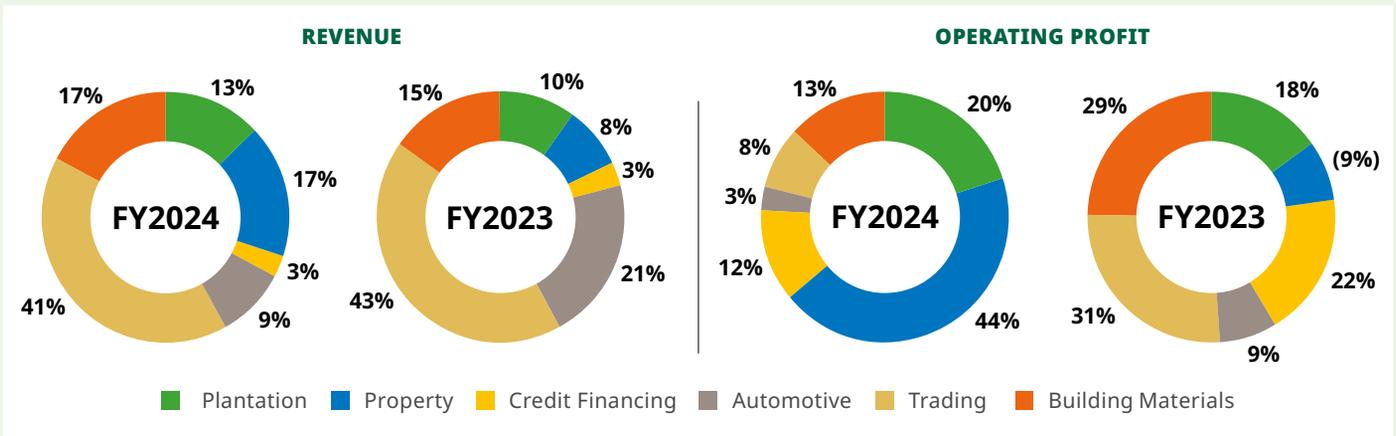
The Group recorded 7.6% decline in revenue to RM5.63 billion (2023: RM6.09 billion). This was primarily due to the Automotive division having adopted the agency model by Mercedes-Benz Malaysia since 1 October 2023 resulting in the change in revenue recognition, as well as the continued normalization of fertilizers prices in the Trading division. The Plantation division however benefitted from higher Crude Palm Oil (CPO) and Palm Kernel (PK) prices and better CPO sales volume. In addition, quarry operations benefitted from higher aggregates selling prices. Hafary Holdings Limited achieved higher revenue contributed by its Malaysian operations. The Property division also gained from higher contribution from its hospitality business and its land sale.

Accordingly, the Group's 2024 profit for the year after non-controlling interests for the 2024 financial year decreased by 18.7% to RM650.5 million (2023: RM800.3 million). Group earnings per share decreased by 18.7% to 26.13 sen (2023: 32.15 sen). A total dividend of 20 sen per share for the year (2023: 25 sen per share) was declared and paid, representing a payout ratio of approximately 77% (2023: 78%).



SEGMENTAL PERFORMANCE HIGHLIGHTS

The Group's segmental revenue and operating profit were as follows:





Plantation

The Plantation division is an oil palm plantation company listed on Bursa Malaysia and one of the largest producers of sustainable palm oil in Sabah with a landbank of 39,103 hectares across five estates. These estates are the Jeroco Group of Estates (JGOE), Tomanggong Group of Estates (TMGOE), Sungai Segama Group of Estates (SSGOE), Ladang Kawa Estate, Pelipikan and Kota Marudu Estates, with JGOE, TMGOE and SSGOE being contiguous to each other in Lahad Datu. The division also owns and operates four Roundtable on Sustainable Palm Oil (RSPO) certified palm oil mills.



Revenue

RM752.4

million



Operating Profit

RM270.9

million

Oil Yield

4.14

tonnes per hectare

FFB Yield

20.11

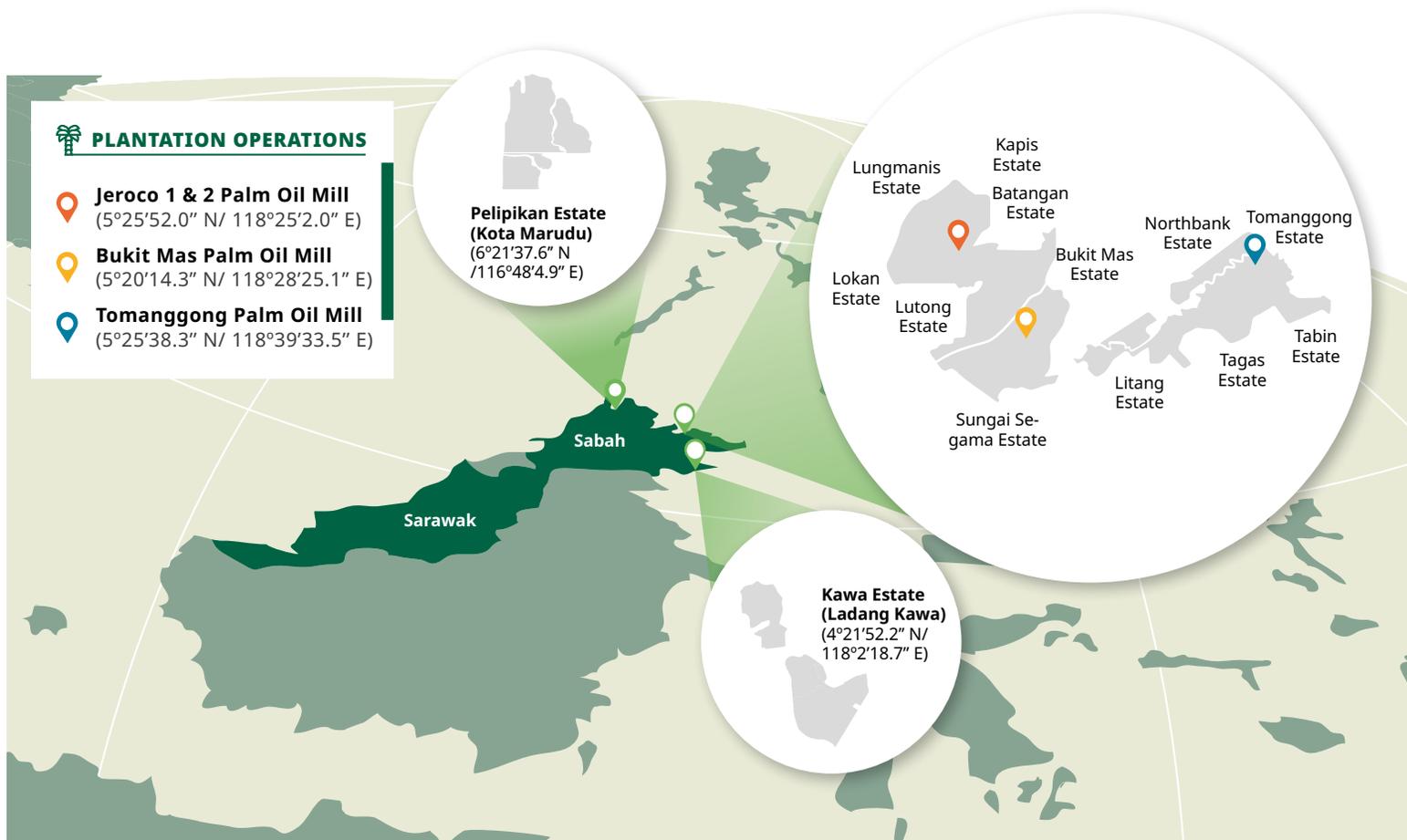
tonnes per hectare

CPO Production Cost

RM2,305

per tonne

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET CONDITION

Overall, Malaysian palm oil industry performance was within expectation in 2024. Total CPO production in 2024 was 19.3 million tonnes, higher by 3.8% than 2023 production of 18.6 million tonnes. Total exports of palm oil in 2024 amounted to 16.9 million tonnes, higher by 1.8 million tonnes or 11.9% higher compared to 15.1 million tonnes registered last year. The higher export was due to an increase in palm oil production and lower Indonesian exports.

Crude Palm Oil (CPO) price averaged at RM4,179 per tonne (2023: RM3,809 per tonne). The Sabah average CPO price was RM4,234 per tonne (2023: RM3,739 per tonne).

MANAGEMENT STRATEGIES

VISION

Our vision is to achieve optimum productivity and to be the most cost-efficient producer in Malaysia.

KEY MARKET

The division primarily sells its palm products through spot sales and forward contracts. Most of the sales are delivered locally to refiners within Malaysia, with a portion of the sales exported on a free-on-board basis.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIES IN CREATING VALUES

As a member of the Roundtable on Sustainable Palm Oil (RSPO), the division is fully committed to sustainability initiatives outlined in the RSPO Principles and Criteria. The RSPO aims to promote the growth and use of sustainable palm oil products through credible global standards and active stakeholder engagement.

Benefits of certification amongst others are as follow:

- Better access to international markets, especially Europe
- Price premium for certified sustainable palm oil (CSPO)
- Improved compliance with regulatory requirements

2024 FINANCIAL REVIEW

The division revenue for the financial year under review grew by 12.7% to RM752.4 million (2023: RM667.8 million). This revenue growth was attributed to higher CPO sales volume and higher average realized CPO and Palm Kernel (PK) prices.

In 2024, the division sold 150,559 tonnes of CPO (2023: 148,091 tonnes) and recorded an average realized price of CPO and PK of RM4,309 per tonne (2023: RM3,942 per tonne) and RM2,810 per tonne (2023: RM2,154 per tonne) respectively during the year. This reflects a premium of 1.77% over the Sabah average CPO price of RM4,234 per tonne and a premium of 6.1% over the Sabah average PK selling price of RM2,648 per tonne.

Consequently, the division achieved a 119.5% growth in operating profit to RM270.9 million (2023: RM123.4 million). The operating profit growth also benefited from a 10.0% reduction in CPO production cost to RM2,305 per tonne (2023: RM2,562 per tonne), primarily due to lower fertilizer cost and higher FFB production volume. The division closely monitors and manages its cost of production.

Bukit Mas Palm Oil Mil



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL PERFORMANCE

Planting Operations

As at 31 December 2024, the division's total planted area remained at 34,856 hectares (2023: 34,856 hectares) out of a total area of 39,103 hectares. Of this planted area, approximately 93% or 32,276 hectares (2023: 32,367 hectares) is classified as mature, with an average age of 17.1 years (2023: 16.9 years)

	Hectares
Immature	2,580
30 months to 7 years	3,980
> 7 years to 17 years	12,566
> 17 years	15,730
Total planted – oil palm	34,856
Immature – other crops	146
Total planted area	35,002
Reserve plantable	113
Building, road, reserves, etc	3,988
Total Area	39,103

For FY2024, the division had 2,580 hectares of immature oil palm, out of which 828 hectares are projected to mature in 2025. The Group replanted 923 hectares during the 2024 financial year.

Area Statement of the division as of 31 December 2024 was as follows:

	Total Area (hectares)	Planted Area (hectares)	Mature Area (hectares)	Percentage of Mature area
JGOE ⁽ⁱ⁾	14,117	*12,808	12,264	95.8%
TMGOE ⁽ⁱⁱ⁾	12,806	**11,863	11,614	97.9%
SSGOE ⁽ⁱⁱⁱ⁾	9,907	8,743	6,810	77.9%
Ladang Kawa	100	100	100	100.0%
Pelipikan	1,365	903	903	100.0%
Kota Marudu	***808	585	585	100.0%
Total	39,103	35,002	32,276	92.2%

(i) JGOE refers to Jeroco group of estates

(ii) TMGOE refers to Tomanggong group of estates

(iii) SSGOE refers to Sungai Segama group of estates

* Including 86 hectares planted with Jelutong trees

** Including 60 hectares planted with Sepat trees

*** Including 81 hectares of land adjoining to the existing land of which the land title is currently under application

Milling Operations

The division operates four mills with a total milling capacity of 180 FFB tonnes per hour. The Group's mills, which include Jeroco Palm Oil Mill 1, Jeroco Palm Oil Mill 2, Tomanggong Palm Oil Mill and Bukit Mas Palm Oil Mill, recorded an average utilization rate of 67.9% in 2024 (2023: 67.7%).



Sustainability and Food Safety Certification

The division is committed to ensuring that all Fresh Fruit Bunches (FFB) used in its production, whether sourced internally or externally, are certified as sustainable. Towards this end, the division has a time-bound plan to achieve 100% Roundtable on Sustainable Palm Oil (RSPO) certification by 2025. On 22 September 2023, a revised plan to attain this certification was submitted to the RSPO Certification Unit. The revised plan was due to an ongoing RSPO compensation case involving the Tabin and Northbank Estates, which are part of the TMGOE; and Pelipikan Estates, which have delayed full RSPO certification from 2022 to 2025. The division is working closely with RSPO to fulfil the necessary requirements for the approval of the compensation plan, allowing certification to resume for the affected estates.

The division has currently obtained RSPO certification for 81% of its estates, while all four palm oil mills are RSPO and International Sustainability and Carbon Certification EU (ISCC EU) certified. In addition, all estates and four palm oil mills have been Malaysian Sustainable Palm Oil (MSPO) certified since 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

As part of the division's effort to ensuring the sustainability of its supply chain, it actively reaches out to and engages with its independent local outgrowers and smallholders to promote awareness of sustainability practices and the associated benefits.

As a result of this effort, the division had added one new local outgrower and one smallholder in 2024, both of whom have successfully completed the due diligence procedures and are now eligible to participate in the division's RSPO and MSPO certification process. With this new addition, the division currently engages with a total of 13 independent local outgrowers and smallholders.

In 2024, ten out of the 13 independent local outgrowers and smallholders (77%) have committed to obtain the RSPO and MSPO certification. Six independent local outgrowers and smallholders have obtained both RSPO and MSPO certification while another four independent local outgrowers and smallholders achieved MSPO certification.

As part of the division's efforts to enhance the marketability, safety, and quality of its palm products for food applications, all of the division's mills have achieved certification in Hazard Analysis Critical Control Points (HACCP), MeSTI (Makanan Selamat Tanggungjawab Industri) and HALAL certified.

SHORT & LONG-TERM GOALS

The division is committed to be a responsive sustainable palm oil producer in compliance with global sustainability standards for agriculture production. It aims to enhance the market accessibility of its palm products by producing high-quality palm oil that meets the requirements and specifications of the premium market. The various certifications obtained on RSPO, HACCP, MSPO, ISCC EU, HALAL and MeSTI are a testament to this commitment.

Biogas Plant at Jeroco Palm Oil Mill 1



Biogas Plant at Bukit Mas Palm Oil Mill

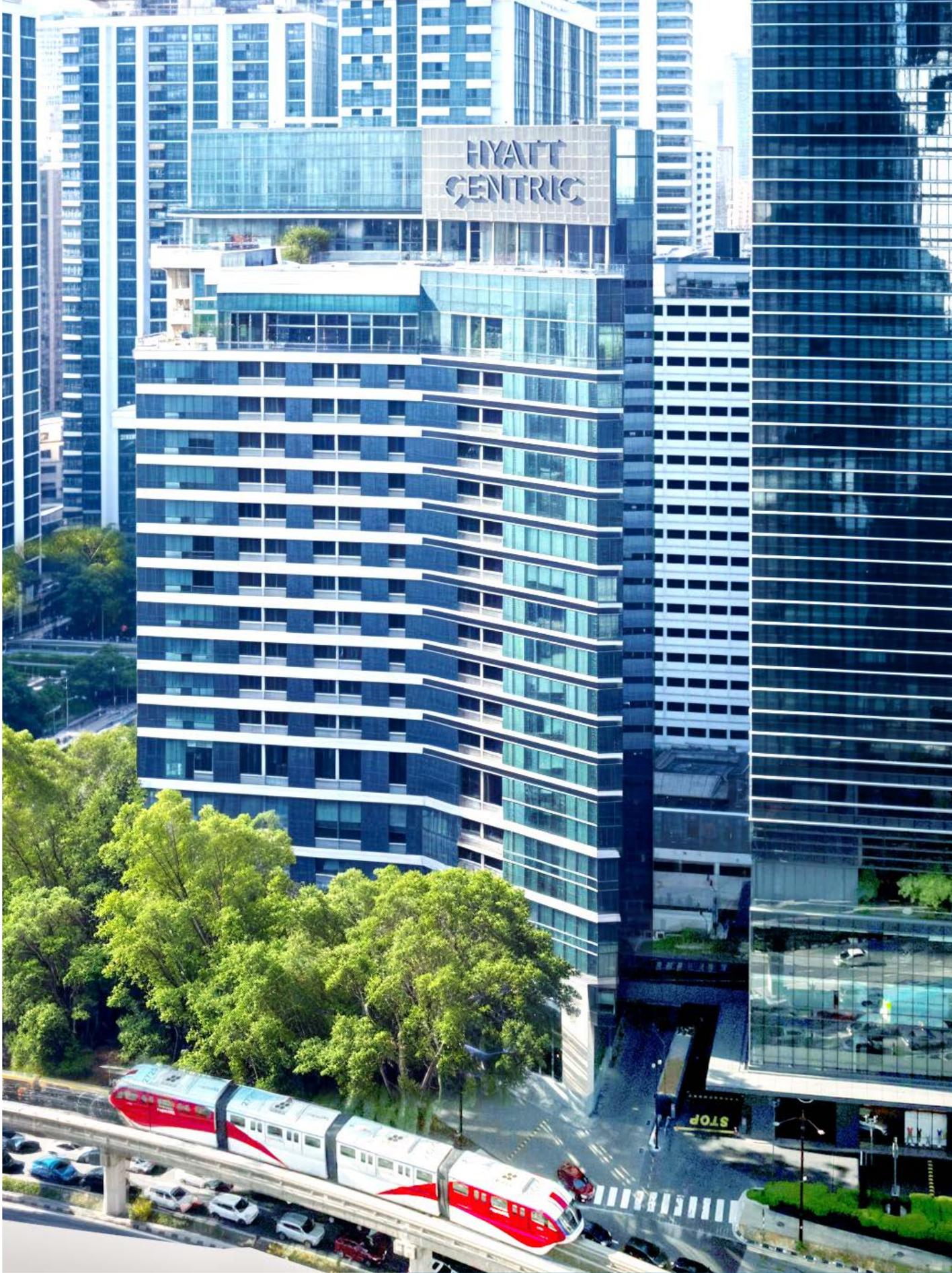


OUTLOOK FOR 2025

The division's prospect mostly depends on the domestic and global macroeconomic factors that affect the palm oil market, weather conditions in major countries producing oil seeds, government policy on biodiesel and the seasonal cropping pattern of FFB.

Palm oil production for the 1st quarter of 2025 is showing signs of declining FFB production due to heavy rains and flooding particularly in Sabah hampering harvesting activities. However, production is expected to catch up in the subsequent quarters once the weather conditions have normalised.

It is forecast that in 2025, Malaysian palm oil production will likely to register a modest increase to 19.5 million tonnes. Malaysian producers are expected to benefit from lower export of palm oil from Indonesia due to their newly implemented B40 biodiesel mandate.



Property

The Property division is an established property developer with developments situated in strategic locations across the Klang Valley and Sabah. The division's growing portfolio of investment properties and hotels is located in Kuala Lumpur and Kota Kinabalu.



Revenue

RM1.01

billion



Operating Profit

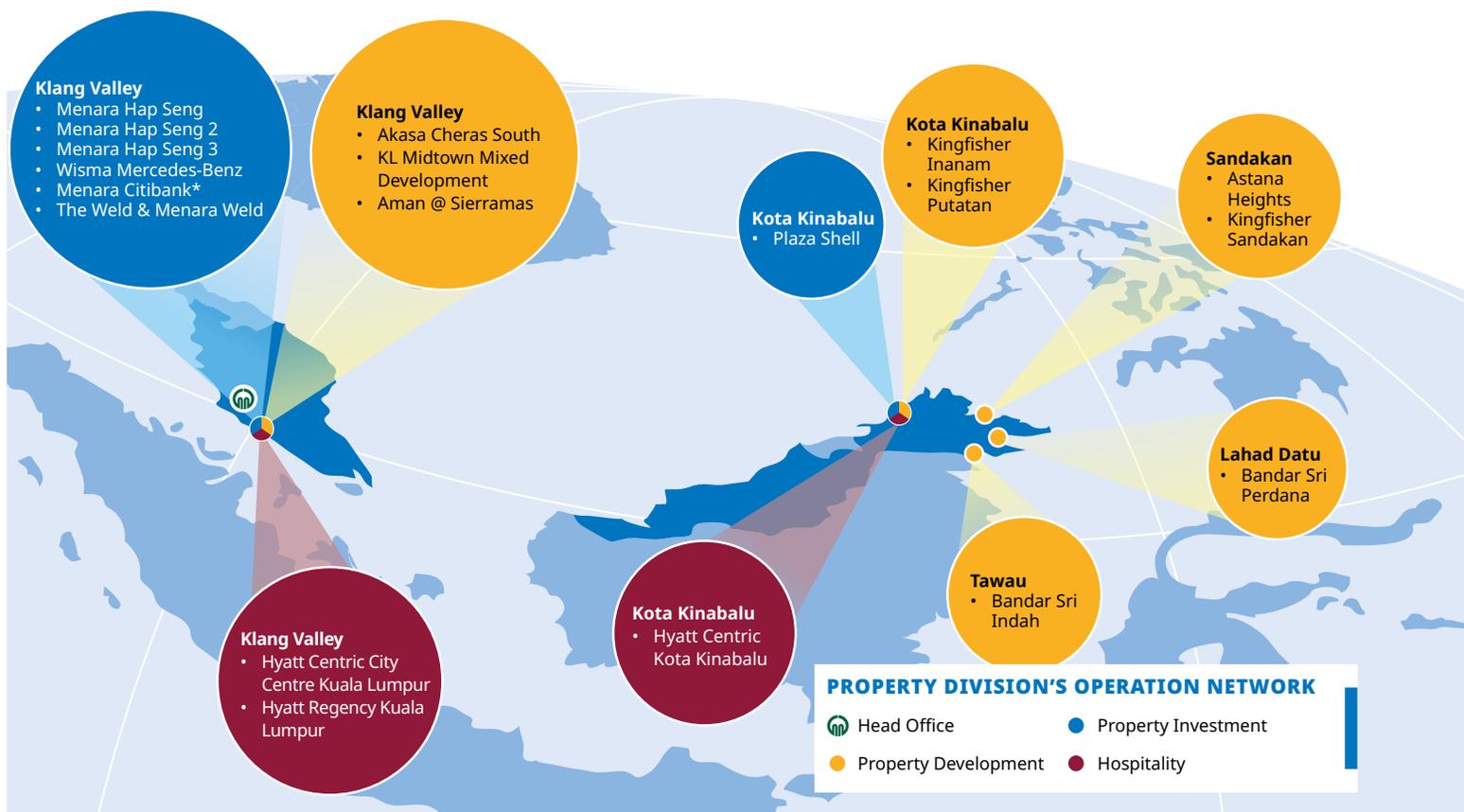
RM590.5

million

2 million square feet
Plaza Hap Seng
Gross Commercial Space

Hyatt Centric City Centre
Kuala Lumpur Launched in
December 2024

MANAGEMENT DISCUSSION AND ANALYSIS



* Menara Citibank is held under Inverfin Sdn. Bhd., a 49.99% owned associate company of Hap Seng Consolidated Berhad

MARKET CONDITION

The Malaysian property market continued to strengthen in 2024, with the number and value of residential property transactions achieving a growth of 2.9% and 1.3% respectively over the first nine months of 2024 over the same period in 2023.

This growth was supported by government initiatives such as the Home Ownership Campaign 2.0 (HOC 2.0) which offers stamp duty exemptions on transfer and financing agreements for first-time buyers of units valued up to RM500,000. The HOC 2.0 will expire in 2025. Additionally, the “My First Home Scheme” continues to offer 100% financing for first-time buyers purchasing properties priced under RM500,000.

The investment property market in Malaysia slightly soften in 2024, which was reflected in the lower average occupancy rate of office buildings in Kuala Lumpur of 70.1% at the end of the 3rd quarter of the year (3rd quarter 2023: 72.1%). Kota Kinabalu registered an overall occupancy rate of 87.9% for office buildings at the end of the 3rd quarter of 2024 (3rd quarter 2023: 88.8%).

The hospitality industry witnessed a notable recovery, supported by 25 million international tourist arrivals in 2024, representing a 24.2% increase from 20 million international tourist arrivals reported in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Menara Hap Seng 1



Menara Hap Seng 2



Menara Hap Seng 3

**MANAGEMENT STRATEGIES**

The division remains committed to offering thoughtfully designed residential properties that emphasize comfort and functionality in established locations. The division seeks to drive property sales by providing attractive homeownership promotions, including the “zero-cost moving-in” package and the “free furniture fittings” package, to support prospective homebuyers in achieving their homeownership goals.

For investment properties, the division in the Klang Valley has added a 5-star hotel to its Plaza Hap Seng, which now comprises Menara Hap Seng, Menara Hap Seng 2, Menara Hap Seng 3 and Hyatt Centric City Centre Kuala Lumpur (HCKL), all of which are seamlessly integrated. Plaza Hap Seng together with The Weld, creates a gross commercial space spanning approximately 2 million square feet, comprising offices, hotel and retail outlets, offering a diverse range of gastronomic dining options in the Golden Triangle area of Kuala Lumpur.

The division strives to complete its 3rd 5-star hotel, the 410-room Hyatt Regency Kuala Lumpur, by end 2025.

Plaza Shell



MANAGEMENT DISCUSSION AND ANALYSIS

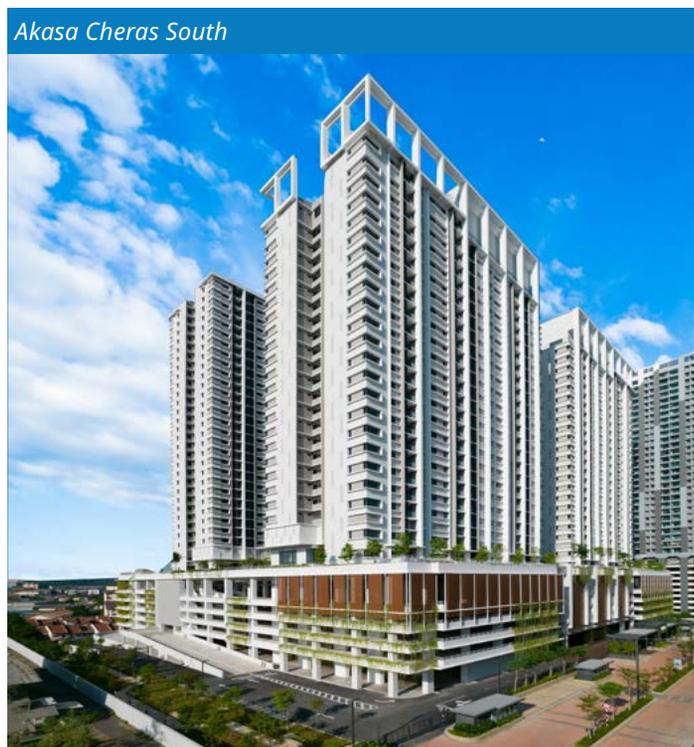
OPERATIONAL PERFORMANCE

In 2024, the division recorded a revenue of RM1.01 billion (2023: RM494.1 million), primarily due to sale of land. Revenue from property development dropped by 26.2% to RM262.1 million (2023: RM355.0 million) due to lower property sales. The main revenue contributors were Aria Luxury Residences, Akasa Cheras South, Bandar Sri Indah and Kingfisher Inanam.

Rental income from the division's investment properties increased to RM112.0 million (2023: RM103.9 million). Revenue from Hyatt Centric Kota Kinabalu grew by 41.7% to RM46.9 million (2023: RM33.1 million).

Overall, the division recorded an operating profit of RM590.5 million (2023: operating loss of RM60.4 million).

PROPERTY DEVELOPMENT



Akasa Cheras South

KLANG VALLEY

Akasa Cheras South

Akasa Cheras South is a 9.7-acre freehold mixed-use development that includes Akasa Service Residence and Akasa Business Park. Located in a growing and dynamic neighborhood, it offers convenient access via the SILK Highway. Akasa Service Residence consists of three residential towers with a total of 998 units, designed with modern layouts and practical features. Residents can experience resort style living with 150,000 square feet of shared amenities, including a man-made beach.

Akasa Business Park is a prominent commercial hub in Cheras South, designed to meet the needs of both Akasa Service Residence and the surrounding established business communities. It comprises 19 commercial units, offering office and retail spaces across five to eight storeys, with an estimated gross development value (GDV) of RM210 million. Currently, it is home to notable businesses such as Lifecare Diagnostics Centre and Portman International School.

KL Midtown

KL Midtown is strategically located within the modern 75-acre KL Metropolis. Planned as Kuala Lumpur's International Trade and Exhibition District, KL Metropolis is a mixed-use development well-connected by an extensive road network and a proposed MRT3 station.

KL Midtown is located directly opposite the Malaysia International Trade and Exhibition Centre (MITEC), the largest convention centre in the country. Spanning 8.95 acres of freehold land, the development comprises five key components: the prestigious 5-star Hyatt Regency Kuala Lumpur hotel, a retail mall, two signature office towers, a corporate office tower and three luxury service residences.

The retail mall, spanning approximately 524,000 square feet, will be managed by AEON, with a focus on providing a vibrant lifestyle retail experience. Perching atop the five-storey commercial basement car park, it is slated to go live in 2026. This seven-storey mall will be seamlessly connected with the Hyatt Regency Kuala Lumpur, the two signature towers, the corporate office tower and the three residential tower. Upon completion, it is expected to achieve GreenRE Gold accreditation.

MANAGEMENT DISCUSSION AND ANALYSIS

The two signature office towers will feature contemporary architectural designs with unobstructed views of KL Metropolis Park and MITEC upon completion. Their design is tailored to meet the needs of occupants, offering practical, spacious layouts, ten high-speed lifts dedicated to the 19 office floors in each tower, and ample parking facilities. Each 19-storey tower spans approximately 300,000 square feet of gross floor area. These towers are distinguished by premium Grade A office specifications, including double-volume ceilings in the main lobby, high-speed lifts, and energy-efficient fittings. They offer dual lobbies—one at ground level and another on Level 5. Designed by the internationally renowned firm Skidmore, Owings & Merrill (SOM), the towers are expected to achieve both LEED Gold and GreenRE Gold certifications.

KL Midtown Mixed Development at KL Metropolis

- *Artist Impression*



Aman @ Sierramas

Nestled within the serene and well-established Sierramas township, Aman @ Sierramas spans 9 acres of freehold land. This upcoming development will comprise three condominium blocks, offering a total of 540 units, along with a spacious two-acre facilities deck. Residents will be treated to breathtaking views of the Bukit Lagong Forest Reserve and Kuala Lumpur City Centre, while enjoying the natural beauty of its border with the lush Valencia Golf Course.

Sierramas Residential Project

- *Artist Impression*



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Kingfisher Inanam



KOTA KINABALU

Kingfisher Inanam

Kingfisher Inanam is a residential development situated in the mature neighborhood of Inanam, Kota Kinabalu, approximately two kilometers from the under-construction Pan Borneo Highway interchange. The project features three residential towers, comprising a total of 739 units with an estimated GDV of RM400 million. Surrounded by lush greenery, it offers a peaceful living environment while being conveniently close to commercial centers, trade hubs, and educational facilities. Residents can enjoy breathtaking views from the two-acre sky recreational facilities. Future development phases are currently in the planning stage.

Kingfisher Putatan

The Kingfisher Putatan residential development is situated in the established Putatan area, offering convenient access to and from the upcoming Pan Borneo Highway interchange. Located 15 kilometers from Kota Kinabalu and seven kilometers from the Kota Kinabalu International Airport, the development boasts 528 units over four residential towers, with an estimated GDV of RM280 million. With the picturesque view of the Crocker mountain range, all units feature modern, practical and spacious layouts, making them ideal for first-time homebuyers. Moreover, the towers are equipped with seismic interlocking features, ensuring structural integrity and safety.

Kingfisher Putatan



Bandar Sri Indah



TAWAU

Bandar Sri Indah

Bandar Sri Indah (BSI) is the division's biggest flagship development in Tawau and one of the largest fully integrated township development in Sabah. Launched in 2004, Bandar Sri Indah (BSI) spans over 1,368 acres, offers a diverse range of products, from affordable apartments to single-storey, double-storey, semi-detached, and detached houses.

BSI is designed to promote sustainable and multigenerational living. To date, a total of 4,703 residential, commercial, and industrial properties have been completed, with an estimated GDV of RM1.6 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

BSI offers a diverse range of comprehensive amenities designed to cater to the needs of its residents, businesses, and the surrounding community. These include a supermarket, a community sports complex, affordable dining options, a cinema, a bridal house, and various fast food outlets. The township also features an intercity bus terminal and houses Tawau's largest Petron petrol station. Additionally, BSI serves as an educational hub, hosting institutions such as Open University Malaysia, Tawau Vision School, Vision International School, and a Community College.

BSI is thoughtfully designed with a focus on nature and healthy living, providing residents with abundant greenery and recreational spaces. It features expansive green landscapes and a 15.5-acre lake garden, highlighted by an orchid garden showcasing over 2,000 local orchid plants from various genus categories originating from both East and West Malaysia. Additionally, BSI is surrounded by lush green lungs, including three picturesque forest reserves, and is conveniently located near the serene and scenic Shan Shui Golf and Country Club.

Bandar Sri Perdana



LAHAD DATU

Bandar Sri Perdana

Bandar Sri Perdana is a prime integrated township in Lahad Datu, spanning 250 acres. This highly sought-after and sustainable township is situated in a vibrant commercial district, offering convenient access to a wide range of amenities, including a hypermarket, bank, hotel, Open University Malaysia (OUM), retail shops, government offices, primary and secondary schools, and popular fast-food outlets. To date, 1,409 mixed-development units have been completed, with an estimated GDV of RM570 million. Plans are underway for an expansion of Bandar Sri Perdana, known as Eko Perdana, a 127-acre development located adjacent to the township, with future phases currently in the planning stage.

Astana Heights



SANDAKAN

Astana Heights

Astana Heights is a hilltop mixed development project, offering panoramic views of the Sulu Sea. The division's flagship development, Kingfisher Sandakan, features four 18-storey apartment blocks, with a total 792 units. The project's 3-tier security system and seismic interlocking design are the first of its kind in Sandakan.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY INVESTMENT

In 2024, the division's investment properties recorded improved occupancy rates. Properties such as Plaza Hap Seng, Plaza Shell and Menara Citibank boasted an encouraging average occupancy rate of 85% (2023: 82%).

Plaza Hap Seng provides a comprehensive range of essential amenities, complemented by diverse food and beverage options to serve its 5,000 office occupants and the surrounding business community. It hosts renowned Michelin Guide-recommended restaurants such as Elegant Inn, Sushi Masa, and Skillet, alongside a curated selection of F&B outlets, including Niku 29, AsadorV, Han Modern Korean Grill, Yoshifuku, and a variety of local and international cuisines.

In addition, both Menara Hap Seng 2 and Menara Hap Seng 3 have been awarded Malaysia Digital Status (previously known as MSC) and are green building-compliant, designed to meet the evolving needs and preferences of their tenants.

Menara Hap Seng 3 features a 90-meter high indoor vertical green wall within the internal atrium of the office building, bringing in natural daylight to illuminate the internal office space. This green wall received a Malaysia Book of Record Award for Highest Indoor Vertical Green Wall in 2022.

Moving forward, the division will prioritize integrating sustainable features into its investment properties to further attract tenants.

Menara Hap Seng 3 - Green Wall



HOSPITALITY

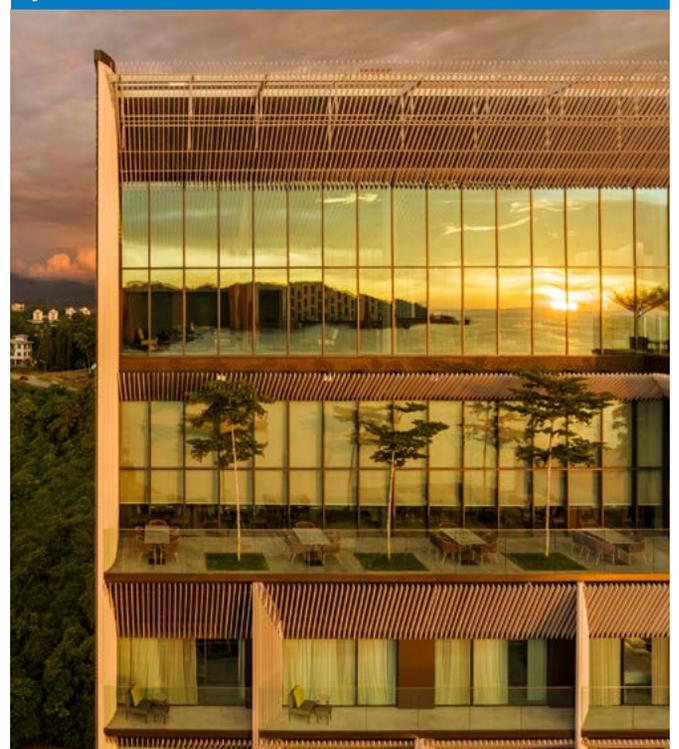
In 2024, Hyatt Centric Kota Kinabalu recorded a strong occupancy rate, fueled by a rise in international tourist arrivals following the implementation of 30-day visa-free entry for nationals from China and India. The division also marked the opening of its maiden hotel in Kuala Lumpur, the Hyatt Centric City Centre Kuala Lumpur, on 18 December 2024.

The division is also currently developing a 3rd hotel, Hyatt Regency Kuala Lumpur, within the group's mixed used development at KL Midtown.

Hyatt Centric Kota Kinabalu

Hyatt Centric Kota Kinabalu is a 5-star lifestyle hotel located in the heart of Kota Kinabalu with GreenRE Silver accreditation. Designed by the globally acclaimed, award-winning Japanese architect Mr. Kengo Kuma, its 222 guestrooms and suites draw inspiration from Sabah's greenery and the South China Sea. The hotel offers a unique duplex dining experience at ON22 and ON23 on its highest floors, complemented by an infinity pool that boasts some of the best panoramic island sunset views in Kota Kinabalu.

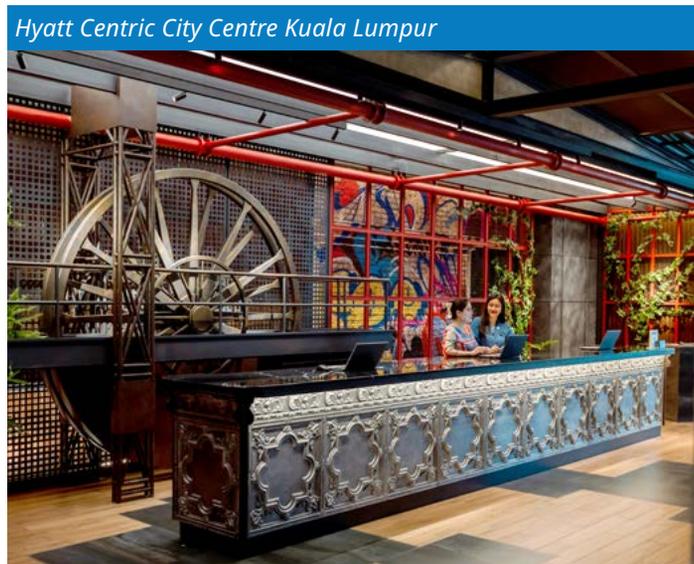
Hyatt Centric Kota Kinabalu



MANAGEMENT DISCUSSION AND ANALYSIS

Hyatt Centric City Centre Kuala Lumpur

Hyatt Centric City Centre Kuala Lumpur officially opened its doors in December 2024. Located in the vibrant Golden Triangle at the heart of Kuala Lumpur's city centre, it offers convenient access to iconic landmarks such as the Petronas Twin Towers and Menara Kuala Lumpur. This distinctive 21-storey lifestyle hotel features 312 guestrooms and suites, each reflecting the rich, vibrant history of Kuala Lumpur. This GreenRE-compliant hotel was transformed from a former old office building and is seamlessly integrated with Plaza Hap Seng, expanding the variety of dining and entertainment options available to the business community of Plaza Hap Seng and surrounding offices, as well as enhancing the overall offerings to its office tenants.

**Hyatt Regency Kuala Lumpur**

• Artist Impression

**Hyatt Regency Kuala Lumpur**

Hyatt Regency Kuala Lumpur, also designed by Mr. Kengo Kuma, is scheduled to open in the 3rd Quarter of 2025. This international 5-star 33-storey hotel, set atop a six-storey podium, will offer 306 hotel rooms and suites, along with 104 serviced suites. The hotel will also feature 13 versatile conference rooms and a variety of exciting dining options, including a market café, a Japanese restaurant and bar, a Chinese restaurant, and a lobby lounge. Additionally, it will house a 1,000-square-metre ballroom with a capacity to accommodate up to 1,000 guests. Upon completion, the hotel will be GreenRE Gold compliant, delivering world-class hospitality. Coupled with the proximity to MITEC, this hotel will become a key destination for conference and exhibition visitors as well as corporate travellers.

SHORT AND LONG-TERM GOALS

The division remains focused on expanding marketing channels, while driving growth in property development and enhancing the yield of its investment and hospitality properties.

OUTLOOK FOR 2025**Residential sector**

Looking ahead to 2025, the division remains cautiously optimistic about the demand for residential properties in prime and strategic locations. This outlook is supported by a stable interest rate environment, attractive promotional packages, and collaborative efforts with various agencies and banks, alongside supportive government initiatives.

Commercial office sector

The commercial office sector is expected to face ongoing challenges, particularly with the surge of new office spaces in Kuala Lumpur. However, a relatively stable tenant portfolio, supported by proactive leasing and effective building management efforts, will help retain existing tenants and attract new tenants.

Hospitality sector

The outlook for the hospitality sector is optimistic, bolstered by the government's allocation of RM550 million for the ASEAN Tourism Forum 2025 and Visit Malaysia Year 2026, as announced in Budget 2025. Additionally, the sector is expected to continue to benefit from the 30-day visa-free entry for nationals of China and India. The division remains confident in the improved performance of Hyatt Centric Kota Kinabalu and Hyatt Centric City Centre Kuala Lumpur; and the addition of Hyatt Regency Kuala Lumpur.

Notwithstanding the above, the division remains cautious on the potential impact of the US trade tariffs on the Malaysian property market.



Credit Financing



The Credit Financing division's principal activity is the provision of secured term loans and industrial hire purchase, primarily to small and medium enterprises (SME). The division has presence both in Malaysia and the United Kingdom (UK), under Hap Seng Credit Sdn Bhd and HS Credit (London) Ltd respectively. Hap Seng Credit Sdn Bhd operates via three regional business centres; two in Peninsular Malaysia and one in Sabah, and is a significant non-bank credit financing institution in Malaysia. In the UK, the division only offers secured term loans to the UK market.



Revenue

RM178.4

million

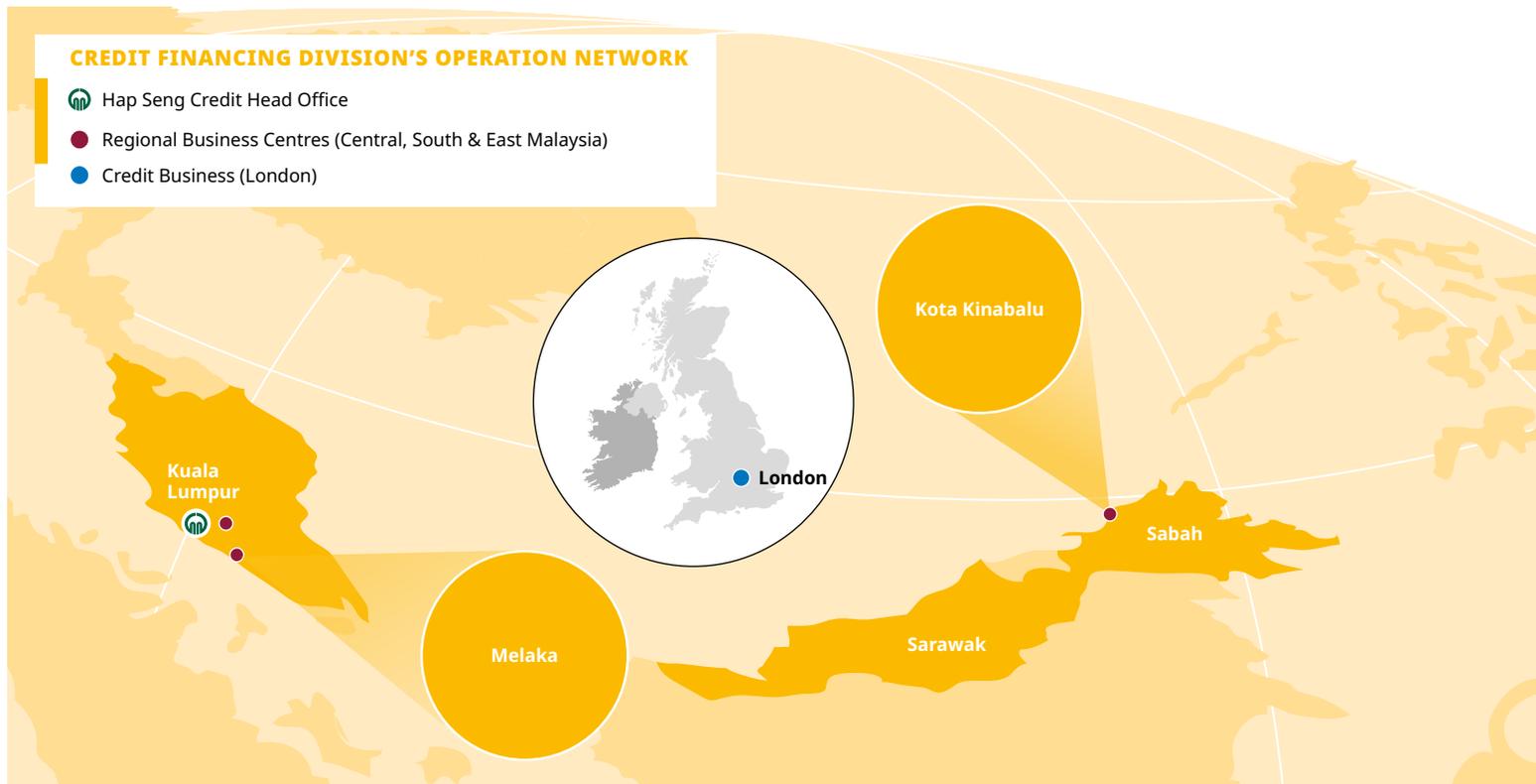


Operating Profit

RM156.5

million

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET CONDITIONS

In 2024, the Malaysian economy experienced a growth rate of 5.1% (2023 : 3.7%), fuelled by sustained domestic demand and exports recovery. Loan growth in the banking industry grew by 5.5% in 2024 compared to 5.3% in 2023.

MANAGEMENT STRATEGIES

The division continues to focus on longstanding customers with established track records and targets borrowers from growth sectors. Additionally, the division continues to offer customised solutions that address the specific needs of its customers.

OPERATIONAL PERFORMANCE

The division remained cautious in its lending throughout the year, focusing on maintaining reasonable interest yield to achieve acceptable net interest margins.

Continued efforts in credit collections, loan recovery and rehabilitation resulted in a slight reduction in non-performing loans (NPL) during the financial year. Gross NPL ratio improved to 2.68% in 2024 (2023: 2.85%) despite the lower loan base.

Notwithstanding the lower loan portfolio balance, the division recorded a marginal increase in operating profit to RM156.5 million in 2024 (2023: RM155.7 million). The return on average asset for the year was 5.3% (2023: 4.4%), which compares favourably with the industry average of 1.2% (2023: 1.2%).

MANAGEMENT DISCUSSION AND ANALYSIS

SHORT AND LONG-TERM GOALS

In the short term, the Credit Financing division will uphold a strategy of prudent lending in light of uncertainties in both domestic and global economies, as well as a challenging financing landscape. The division will prioritize loan collection and the recovery of non-performing loans to enhance asset quality.

Over the long term, the division will remain focused on enhancing net interest margin and building a robust, sustainable loan portfolio.

The division also prioritizes the development of its human capital. Regular internal training programs covering technical updates and refresher seminars for relevant staff are conducted.

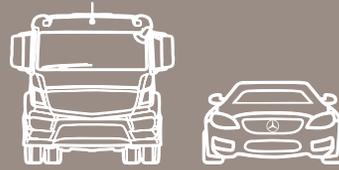
OUTLOOK FOR 2025

Malaysia's economic growth in 2025 is forecast at 4.5% to 5.5%, announced during the national budget in November 2024. However, this forecast is currently being reassessed in the light of the impact of the US trade tariffs. The division expects businesses to remain challenging in view of uncertainties in the domestic and global economies.





Automotive



The Automotive division is engaged in the sale and aftersales of Mercedes-Benz passenger cars, smart electric vehicles, and distribution, sale and aftersales of Mercedes-Benz and FUSO commercial vehicles in Malaysia.

The passenger car business is operated via Hap Seng Star Sdn Bhd (Hap Seng Star), Hap Seng Smart Sdn Bhd (Hap Seng Smart) and Hap Seng Body & Paint Sdn Bhd (Hap Seng Body & Paint). Hap Seng Star is a leading Mercedes-Benz authorized sales agent and service dealer in Malaysia and operates a network of nine outlets strategically located in Klang Valley, Melaka, Kota Kinabalu, and Kuching. In addition, Hap Seng Star operates two Mercedes-Benz Certified Pre-Owned Centres in Klang Valley, situated in Balakong and Bukit Tinggi. Hap Seng Body & Paint operates a centralised multi-brand Body & Paint Competence Centre (BPC) in Shah Alam. Hap Seng Smart is the authorised dealer for smart electric vehicles in Malaysia, operating two smart dealerships in Kuala Lumpur and Balakong.

Hap Seng Trucks Distribution Sdn Bhd (Hap Seng Trucks Distribution) operates the commercial vehicles business and is the exclusive general distributor of Mercedes-Benz and FUSO commercial vehicles in Malaysia. It distributes a portfolio of light-duty, medium-duty and heavy-duty European and Japanese trucks. Hap Seng Trucks Sdn Bhd (Hap Seng Trucks) serves as an authorised dealer of Hap Seng Trucks Distribution.



Revenue

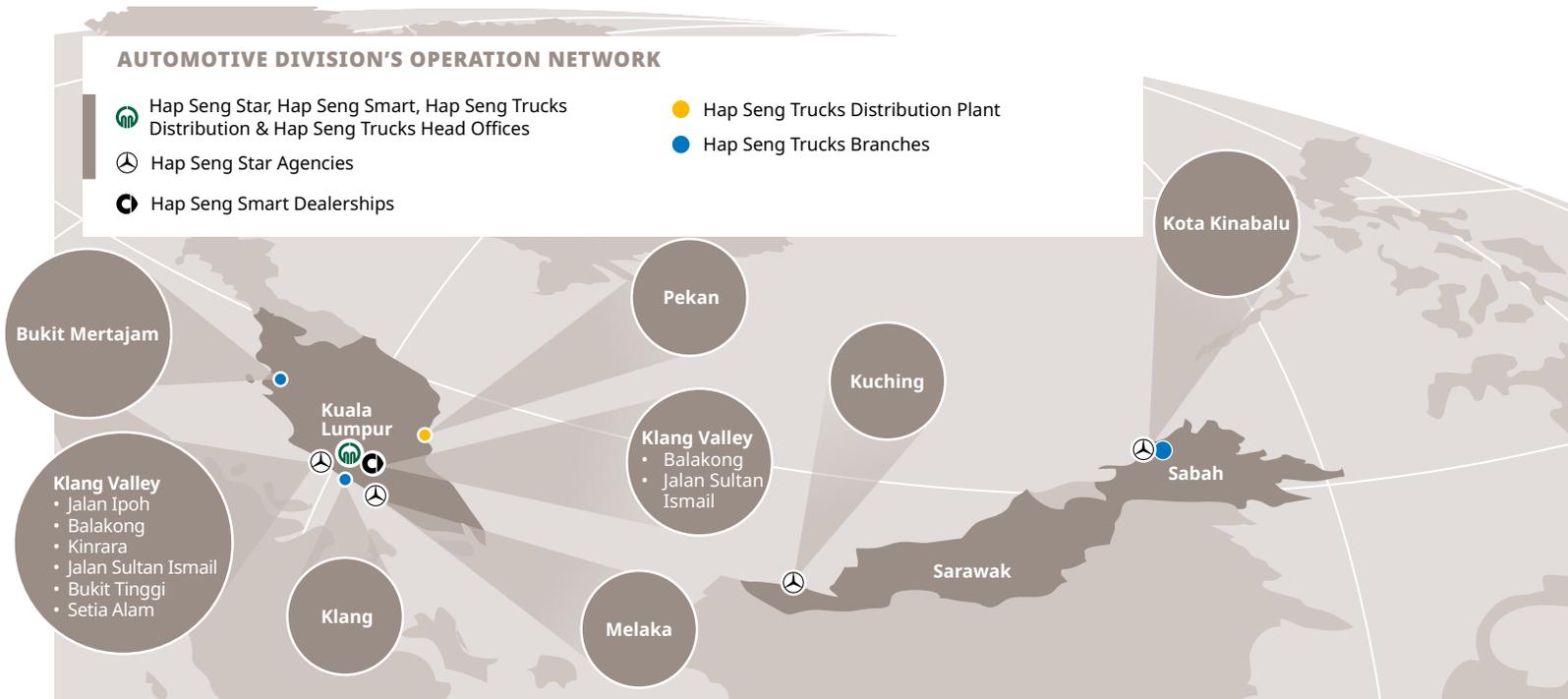
RM570.6
million



Operating Profit

RM35.8
million

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET CONDITION

In 2024, total industry volume (TIV) of the Malaysian automotive industry grew by 2.1% to achieve a record high of 816,747 units (2023: 799,821 units), driven by higher passenger vehicle TIV.

Total registration of new passenger vehicles in 2024 increased by 3.9% to 747,180 units (2023: 719,145), largely due to the strong sales performances by the two national makes. In 2024, total registration of the two national makes increased by 5.1% to 505,689 units (2023: 481,300 units), increasing their market share of passenger vehicle TIV to 67.7% (2023: 66.9%). Meanwhile, the non-national makes registered a 2.3% decline in sales volume to 311,058 units in 2024 (2023: 318,521 units).

The TIV for commercial vehicle segment declined by 13.8% in 2024 to 69,569 units (2023: 80,676 units). TIV of the European prime mover truck segment reduced by 27.1% to 754 units (2023: 1,034 units), whereas TIV of the Japanese light-duty truck and medium-duty truck segment reduced by 9.4% to 13,119 units in 2024 (2023: 14,483 units).

The Malaysian Automotive Association (MAA) credited the growth in the annual passenger vehicle TIV to several factors, including the high order backlog for the

national makes, resilient domestic economy with 5.2% GDP growth in the first three quarters (versus 3.8% over the same period in 2023), an unchanged 3% overnight policy rate, a stable socio-political environment and decade-low 3.2% unemployment. MAA also noted that the sales of Battery Electric Vehicles (BEV) surged by 45% in 2024 due to the tax incentives and introduction of new make and models, particularly from Chinese automakers.

The TIV decrease by the commercial vehicle segment were mainly attributed to the introduction of targeted diesel subsidy in June 2024 which impacted the demand for pick-up trucks in 2024. In addition, the transition from Euro 2 to Euro 4 emission standards disrupted supply chain, affecting supply of commercial vehicle into the market.



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT STRATEGIES

In 2024, Hap Seng Star has fully adopted the agency model implemented by Mercedes-Benz Malaysia (MBM) which aims to provide a seamless car buying experience to its customers. Under this “Retail of The Future” agency model, Hap Seng Star maintains its pivotal role in offering customers a luxurious experience in the retail network, and play a crucial part in ensuring a seamless customer journey of omni-channel experience. In addition, the agency model alleviates the need for Hap Seng Star to acquire vehicle stocks and significantly reduces the risk of unsold stocks.

Hap Seng Trucks Distribution remains committed to delivering superior customer service, including 24/7 breakdown support and having 2S and 3S workshops nationwide. In 2024, the company optimized its dealer network in order to foster a more cohesive, efficient, and customer-centric ecosystem of 3S dealers. This initiative is designed to enhance market penetration, elevate customer satisfaction, and reinforce brand loyalty.

As part of its strategic expansion, Hap Seng Trucks Distribution has strengthened the FUSO dealership network with new locations in Batu Pahat, Johor, and Bintulu. Additionally, to better serve commercial vehicle customers, the company has introduced a new 2S Mercedes-Benz service dealership in Bintulu. These developments ensure broader accessibility to high-quality products and services, reinforcing Hap Seng Trucks Distribution’s position as a trusted partner in Malaysia’s commercial vehicle sector.



OPERATIONAL PERFORMANCE

2024 is the first full year that Hap Seng Star adopted the agency model. The passenger car business achieved a turnover of RM371.0 million (2023: RM1.09 billion) with an operating profit of RM25.8 million (2023: RM42.3 million). The significant decrease in revenue

reflects the full-year impact of the change in revenue recognition due to the agency model. In addition, the division also recorded lower car sales in 2024 due to the intense market competition. Moreover, 2023 benefitted from fullfilment of sales tax exempted orders which expired on 31 March 2023. The division’s aftersales operations recorded a 2.4% growth in throughput over the previous year driven primarily by the 17.7% growth in throughput from the BPC.

The commercial vehicle business recorded a total revenue of RM201.3 million representing a 36.8% decrease (2023: RM318.3 million) It recorded an operating profit of RM10.0 million (2023: RM22.9 million). The significant drop in revenue and profit were mainly attributed to the supply chain disruptions during the transition from Euro 2 to Euro 5 models in the 2nd half of 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

AWARDS AND RECOGNITION

Hap Seng Star is dedicated to delivering an exceptional sales and service experience for its customers, a commitment that has garnered recognition from MBM.

In the 2024 edition of Mercedes-Benz South East Asia II Service Excellence Award Regional Award Ceremony and the SEA II Skills Master, which is a prestigious competition where participants from across countries compete for top honours, Hap Seng Star continues to be recognised by MBM and Mercedes-Benz AG by clinching the following awards:



a. SEAward Regional Award

Award	Branch
Champion League Champion	Hap Seng Star Kinrara
Champion League 1 st Runner-up	Hap Seng Star Melaka
Champion League 2 nd Runner-up	Hap Seng Star Bukit Tinggi
Super League Champion	Hap Seng Star Kota Kinabalu
Super League 1 st Runner-up	Hap Seng Star Kuching

b. Top Service Advisor Award

Hap Seng Star clinched 7 out of 10 service advisor awards.

Branch
Hap Seng Star Bukit Tinggi
Hap Seng Star Kinrara

c. Platinum Star Award - After Sales Manager

Branch
Hap Seng Star Bukit Tinggi
Hap Seng Star Kota Kinabalu

d. Platinum Star Award - Service Advisor

Branch
Hap Seng Star Bukit Tinggi
Hap Seng Star Kinrara

e. Skill Master Competition Award

Award		Branch
Certified Diagnosis Technician (CDT)	Champion	HSS Setia Alam
	3 rd Runner Up	HSS Balakong
Qualified System Technician (QST)	Champion	HSS Kinrara
	3 rd Runner Up	HSS Kuching
Qualified Maintenance Technician (QMT)	3 rd Runner Up	HSS Kinrara
	4 th Runner Up	HSS Kinrara
Certified Service Advisor	2 nd Runner Up	HSS Kinrara
Qualified Parts Process Specialist (QPPS)	Champion	HSS Kinrara
	3 rd Runner Up	HSS Jalan Ipoh

f. Retail Partner Award 2024

Award	Branch
Retail Partner of The Year - 1 st Runner-up	Hap Seng Star Kinrara
Retail Partner of The Year - 2 nd Runner-up	Hap Seng Star Bukit Tinggi
Best in Customer Service - 2 nd Runner-up	Hap Seng Star Kinrara
Best in CSI (5 Star Rater) - Champion	Hap Seng Star Kinrara
Best in CSI (5 Star Rater) - 1 st Runner-up	Hap Seng Star Melaka
Best in CSI (5 Star Rater) - 2 nd Runner-up	Hap Seng Star Bukit Tinggi
Best in Financial Services - 2 nd Runner-up	Hap Seng Star Kinrara
Best in Business Excellence - 1 st Runner-up	Hap Seng Star Bukit Tinggi

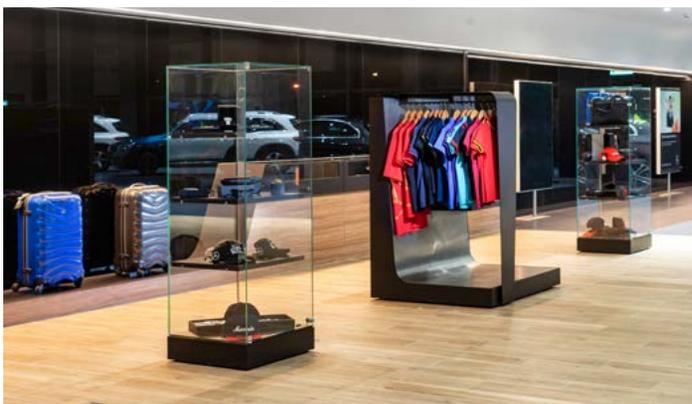
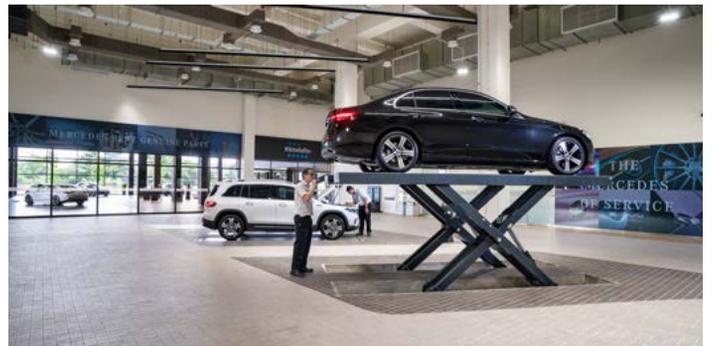
MANAGEMENT DISCUSSION AND ANALYSIS

SHORT AND LONG-TERM GOALS

Hap Seng Star will focus on maintaining its leadership position as a top Mercedes-Benz sales agent and aftersales service provider in Malaysia. Recognizing the essential role of customer retention in achieving its objectives, Hap Seng Star is placing a high priority on customer care programs and other initiatives aimed at retaining its customer base.

Hap Seng Trucks Distribution remains dedicated to continuous enhancement of its dealer network by strengthening its market presence and service capabilities, while ensuring sustainable growth and improved customer accessibility. Hap Seng Trucks Distribution aims to set the industry benchmark for customer experience, striving to become the “Preferred Commercial Vehicle Solutions Provider”. This vision is driven by a commitment to excellence, innovation, and customer-centric solutions that reinforce its leadership in the commercial vehicle sector.

The Automotive division’s short and long-term goals are to maintain its customer service excellence and achieve profitable and sustainable growth.



OUTLOOK 2025

MAA is expecting TIV to decline by 4.5% to 780,000 units in 2025, following the all-time high of 816,747 units in 2024. According to MAA, the expected decline in TIV is partly due to the targeted petrol subsidy rationalisation and the uncertainties brought by the US-China trade war which may result in adverse impacts to the local economic developments.

However, the March 2025 decision by Bank Negara Malaysia (BNM) to maintain the benchmark overnight policy rate at 3% and is expected to continue with an accommodative monetary policy is a favourable development. This decision ensures stability in loan borrowing costs, which is poised to have positive implications for the industry.



Trading



The Trading division comprises fertilizer trading and general trading operations.



Revenue

RM2.46

billion

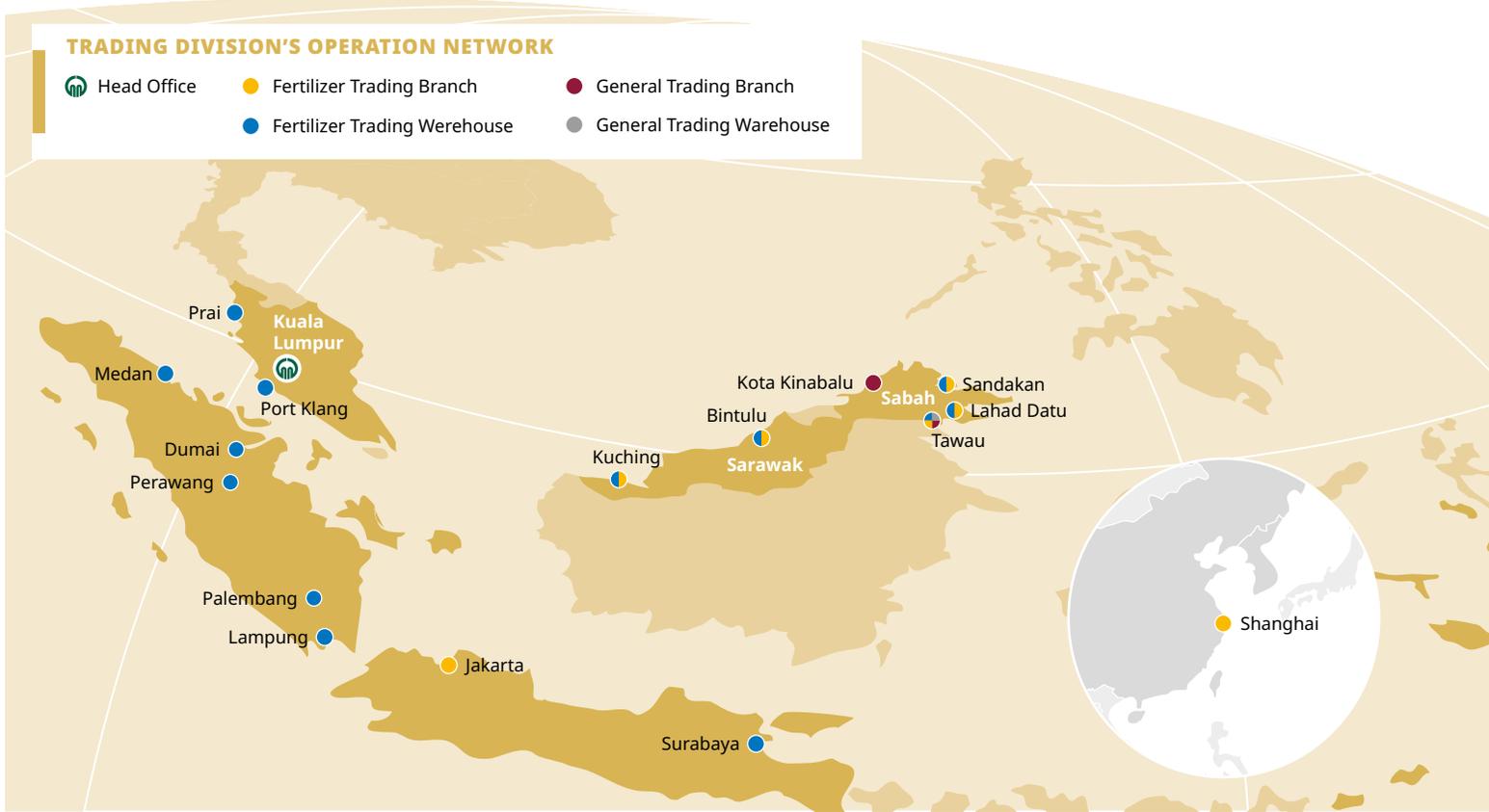


Operating Profit

RM104.0

million

MANAGEMENT DISCUSSION AND ANALYSIS



Fertilizers Trading

The fertilizers trading operations supplies a wide range of fertilizers to oil palm plantations in Malaysia and Indonesia. These include muriate of potash (MOP), ammonium sulphate, rock phosphate, kieserite, ammonium chloride, fused magnesium phosphate and other nitrogen, phosphorus, and potassium (NPK) fertilizers.

Fertilizers trading operated through Hap Seng Fertilizers Sdn Bhd (HSF), PT Sasco Indonesia (PTSI) and MML (Shanghai) Trading Co., Ltd (MMLS). These trading entities operate from 14 warehouses - eight in Malaysia and six in Indonesia. MMLS is based in Shanghai, China and trades in fertilizers globally.

General Trading

The general trading operations supplies a diverse portfolio of building material products, which include steel bars, cement, tiles, iron & metal, building chemicals, interior fittings, sanitary wares, aggregates and petroleum products.



MANAGEMENT DISCUSSION AND ANALYSIS

General trading operates under Hap Seng Trading (M) Sdn Bhd (HSTM) and services the construction, housing development and infrastructure development industries. Towards the 4th quarter of 2024, HSTM streamlined its product offerings and branch network to improve operating costs efficiency. As a result, HSTM is now operating from two branches in Sabah, namely Kota Kinabalu and Tawau, in the trading of aggregates and petroleum products.

MARKET CONDITION

Fertilizers Trading

Following the high prices of 2021 and 2022, fertilizer prices began to normalise in 2023 as supply chain disruptions eased. This trend largely continued into 2024. Although prices have stabilized, they remain elevated compared to pre-pandemic levels.

As with most commodities, fertilizer price fluctuations are driven by supply and demand dynamics. The generally lower prices in 2024 primarily reflect subdued global demand, stabilized input costs and the absence of large global market disruptions. On the supply side, production costs for fertilizers have significantly decreased. Natural gas, the main input for nitrogen fertilizers, has seen sharp price declines over the past two years.

The ongoing Russia-Ukraine war and the Israel-Palestine conflict did not introduce significant new disruptions to the global fertilizer supply chain in 2024.

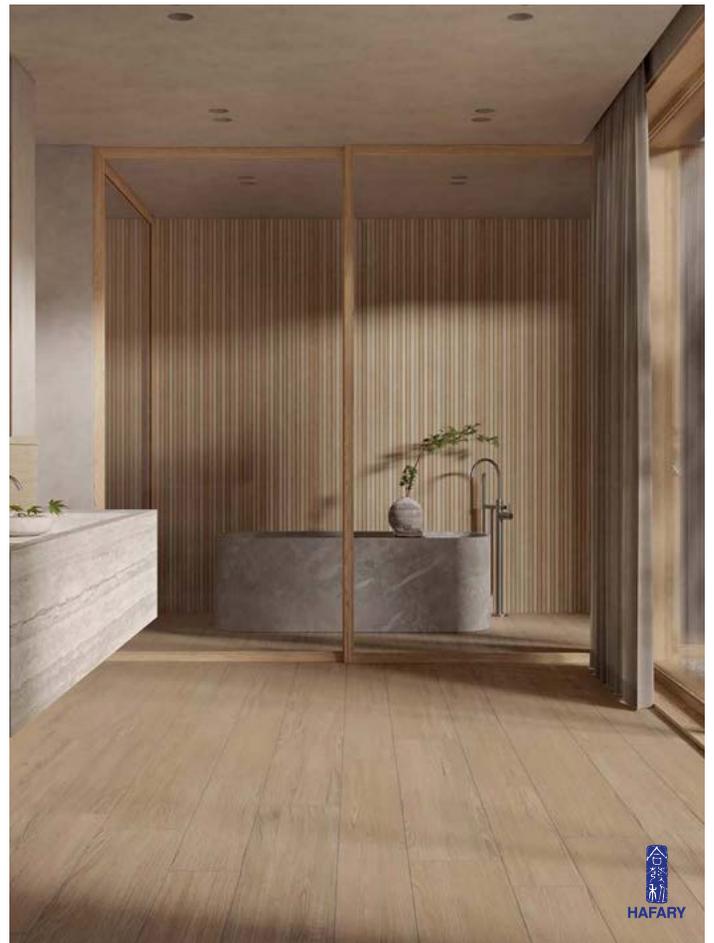


On the demand side, the declining commodity prices of corn, wheat, soybeans and barley have dampened fertilizer demand globally. As fertilizer costs account for a significant portion of crop production expenses, farmers have reduced or restrained spending on inputs like fertilizers due to lower crop prices and tighter profit margins, leading to subdued demand in the global fertilizer market.

On the other hand, CPO price performance has been relatively robust in 2024, up on average about 6.0% year-on-year against 2023 prices due to tightening palm oil supply. Indonesia's planned adoption of a biodiesel mandate in the 1st quarter of 2025 is expected to boost palm oil demand. The robust CPO price has contributed to sustained fertilizers demand in Malaysia and Indonesia.

General Trading

Malaysia recorded a GDP growth of 5.1% in 2024 (2023: 3.7%) with the construction sector experiencing a growth of 17.5% in 2024 (2023: 6.1%), largely driven by ongoing public infrastructure and civil engineering projects.



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT STRATEGIES

Fertilizers Trading

Fertilizers trading operates in a price-volatile environment, driven by international demand for fertilizers and CPO prices. The division will strive to maintain its market-leading position while managing its exposure to price volatilities by matching supply with demand.



General Trading

The general trading operations will continue to focus on streamlining its various business segments to improve operating costs efficiency.

OPERATIONAL PERFORMANCE

Fertilizers Trading

The lower fertilizer prices in 2024 resulted in a reduction in revenue and operating profit for the fertilizers trading operations. Revenue declined by 8.6% to RM1.91 billion (2023: RM2.09 billion) while operating profit declined by 54.5% to RM93.9 million (2023: RM206.2 million). However, sales volume increased by 14.2% to 1,587,000 tonnes (2023: 1,390,000 tonnes) with increased sales in Malaysia on the back of higher demand.

Operations in Malaysia

HSF continues to be the leading fertilizer trader in Malaysia, maintaining its leading position in East Malaysia and remaining a major player in Peninsular Malaysia.

Revenue decreased by 4.5% to RM1.50 billion (2023: RM1.57 billion) due primarily to lower fertilizer prices. Sales volume increased by 21.1% to 1,211,000 tonnes (2023: 1,000,000 tonnes) due to higher demand whilst operating profit reduced by 59.6% to RM74.8 million (2023: RM185.0 million).

Operations in Indonesia

PTSI's revenue decreased by 21.7% to RM407.6 million (2023: RM520.6 million) as a result of lower fertilizers prices and lower sales volume. Sales volume reduced by 3.6% to 376,000 tonnes (2023: 390,000 tonnes). As a result, operating profit decreased by 9.9% to RM19.1 million (2023: RM21.2 million) due to the lower revenue.



General Trading

The general trading operations recorded a 22.1% decline in revenue to RM552.8 million (2023: RM710.0 million). Operating profit decreased by 9% to RM10.1 million (2023: RM11.1 million).



MANAGEMENT DISCUSSION AND ANALYSIS

SHORT & LONG-TERM GOALS

Fertilizers Trading

Cost containment and resource optimisation remains the key focus for the fertilizers trading operation in this dynamic operating environment. Vigilant management of inventory and trade receivables remains a priority to ensure efficiency and effectiveness in its operations. The fertilizers trading operations is committed to protecting its market leadership in Malaysia in tandem with pursuing long-term growth opportunities in Indonesia through ongoing engagements with key customers and principal suppliers to forge strategic partnerships.

In the long-term, the fertilizers trading operation anticipates an increase in demand for NPK fertilizer and aims to enhance its market presence by expanding NPK production or collaborating with NPK producers in adding value to its product range.



General Trading

The general trading operations will continue to be a major supplier of aggregates and petroleum products in Sabah while exercising stringent control over operating costs and credit exposure.

OUTLOOK FOR 2025

Fertilizers Trading

The outlook for the fertilizer market in 2025 suggests relative price stability. This will contribute to better affordability and higher demand for fertilizers.

CPO prices are expected to remain firm or move higher in 2025. This optimism is supported by ongoing biodiesel mandates that are expected to keep palm oil inventories tight on the back of subdued CPO production growth in Malaysia. Indonesia is expected to proceed with the full implementation of its upgraded B40 biodiesel mandate under its revised timeline by mid-February,

Potential challenges include weather disruptions, continued consolidation of planted areas, as well as ageing palm trees amid insufficient replanting activities. While the persistent labour shortage situation continues to ease, labour productivity remained suboptimal as newly-hired foreign workers acclimatise to plantation estate work.

On the geopolitical side, the announcement by the Trump's Administration on tariffs against Canadian products, including potash, will have implications and impact on global MOP prices. The scheduled turnarounds for some major potash producers' mines may also add to the bullish sentiments of the MOP market in 2025.

General Trading

The construction sector in Malaysia is expected to further increase in 2025 with a forecast growth of 9.4%. The ongoing projects such as the Pan Borneo highway and the plan to expand the Tawau Airport in Sabah are expected to bode well for the general trading operations.





QUALITY. GUARANTEED.



HAFARY

Building Materials



The Building Materials division comprises two main operations namely the quarry operations, and Hafary Holdings Limited (Hafary).



Revenue

RM1.03

billion

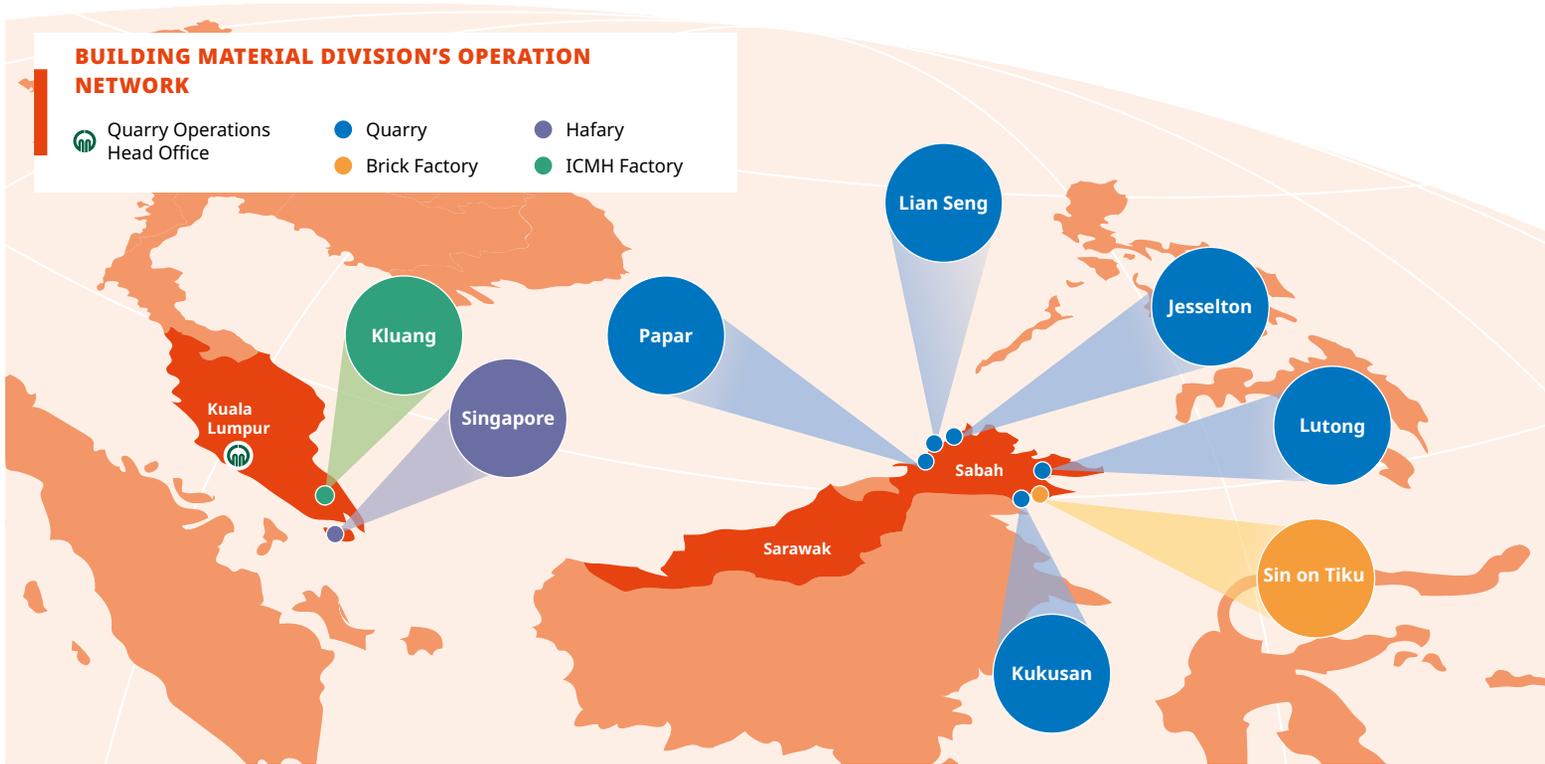


Operating Profit

RM181.4

million

MANAGEMENT DISCUSSION AND ANALYSIS



Quarry Operations

This operation engages in quarrying activities with an approximate total capacity of 4.3 million tonnes per annum from 5 quarries located in Sabah. As part of the operation's cost containment and right sizing initiatives, all quarrying operations in Peninsular Malaysia were divested in April 2024. The quarry products are distributed mainly to the local infrastructure and construction industry.

Hafary

The Singapore operations are carried out by its listed subsidiary in Singapore, Hafary, the leading building material supplier in Singapore. Hafary supplies a comprehensive range of products, including tiles, stones, mosaics, wood flooring, marbles and interior fittings, and is the leading building materials supplier in Singapore. It operates from its main gallery from its corporate headquarters, four showrooms and four warehouses, collectively spanning an area of approximately 800,000 square feet in Singapore.



Hafary operates through three segments:

1. General segment caters to retail "walk-in" customers, homeowners and architecture, interior design and renovation firms who purchase products for small projects such as home renovations or small property developments.
2. Project segment serves customers who are involved in major property development projects, in residential, commercial, public and industrial sectors. Project customers include architecture firms, property developers and construction companies.

MANAGEMENT DISCUSSION AND ANALYSIS



3. The manufacturing segment operates via International Ceramics Manufacturing Hub Sdn Bhd (ICMHSB), a joint-venture company with CNA Pte. Ltd. ICMHSB operates two factories in Kluang, Johor that produce ceramic tiles for both Malaysia and overseas customers. A new single-line production facility, with a capacity of up to 30,000 square meters per day, has been installed and commissioned in ICMH Plant 1. This new facility features a patented intelligent cloud control system and an energy-saving intelligent roller kiln. This kiln has a high-efficiency self-circulating rapid six-layer dryer which channels waste heat from the kiln to meet drying heat source needs, thereby achieving “zero” energy consumption. This plays a significant role in supporting the concept of green development. The new facility produces high-end fully glazed tiles with double zero water absorption rates in sizes of 600x1200 mm and 600x600 mm. These products are supplied through OEM customers as well as through Hafary’s distribution channels which services project, retail and export distributors.

MARKET CONDITION

In 2024, the Malaysian economy grew by 5.1% (2023: 3.7%) with the construction sector further expanded by 17.5% (2023: 6.1%).

In Singapore, the economy grew by 4.4% (2023: 1.8%), driven mainly by the wholesale trade, finance & insurance and manufacturing sectors. The Singaporean construction sector recorded a 4.5% growth (2023: 5.6%) as a result of expanding private and public construction output. The preliminary total construction demand for the year under review was S\$44.2 billion.

MANAGEMENT STRATEGY

Quarry Operations

The Sabah operation continues to improve productivity and efficiency, while implementing selective outsourcing, capital expenditure reduction and cost containment initiatives, strategic product pricing and leveraging on the Group’s synergies.

Hafary

Hafary aims to increase market penetration by strengthening both its customer service and exclusive product offerings.

Hafary is presently poised to offer an expanding product range via the Hafary Gallery located at 105 Eunos Avenue 3. The Hafary Gallery, has been designed to give the market an immersive experience. It spans a total of 43,000 square feet with dedicated floor showcasing mainly its latest product offering – the large format porcelain slab. With dimensions of up to 3.2 metres by 1.6 metres, the large-format porcelain slab opens up new application of size, scale and grandeur.

Hafary’s latest showroom, Hafary House, is in the vibrant Lavender district of Singapore. Launched in December 2024, it spans 10,000 square feet and is designed to offer an inspiring experience for design enthusiasts, architects, and homeowners alike. With a thoughtfully curated selection of premium building materials and innovative design solutions, Hafary House is destined to become a choice destination for anyone looking to elevate their interior and architectural spaces, which will enable it to better serve the needs of its retail customers in Singapore.

Hafary will continue to leverage on their manufacturing capabilities, via ICMHSB to expand upstream and mitigate supply chain constraints. In addition, it will continue to leverage on the Group’s MML and Element brands and its distribution networks to grow sales in Malaysia and the regional export market.



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL PERFORMANCE

In 2024, the division recorded a revenue of RM1.03 billion (2023: RM952.0 million) and operating profit of RM181.4 million (2023: RM203.0 million).

The quarry operation recorded a revenue of RM140.5 million (2023: RM180.9 million) and achieved an operating profit of RM22.2 million (2023: RM14.4 million). Despite the impact of lower revenue due to the discontinuation of quarrying activities in Peninsular Malaysia, its performance was mitigated by higher average aggregate selling prices.

In 2024, Hafary achieved a revenue of RM893.7 million (2023: RM771.1 million), contributed by higher sales from the manufacturing operations.

Revenue from the general segment marginally decreased by 2.0% to RM466.6 million (2023: RM476.2 million). Revenue from the project segment slightly decreased by 2.0% to RM270.6 million (2023: RM276.1 million).

Revenue from the manufacturing segment increased significantly to RM156.5 million (2023: RM18.8 million), reflecting the first full year of operations of the manufacturing plant. Hafary's manufacturing segment began production in June 2023.

SHORT AND LONG-TERM GOALS

Quarry Operations

The operation's short and long-term goals are to optimise asset utilisation, improve balance sheet through outsourcing of production activities, mitigate the impact of cost inflation through stringent cost containment, right sizing and strategic product pricing, and leveraging on the Group's synergies. Additionally, the operation also aims to maintain its pole position in Sabah for aggregate production.

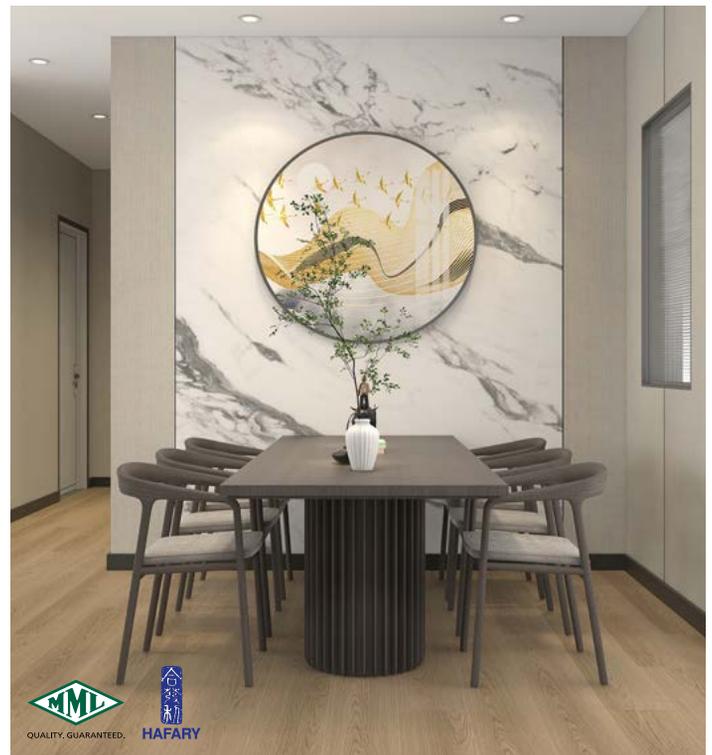
Hafary

Hafary's short-term goals are to focus on growing sales volume, improving operating profits and enhancing market leadership. It continues to leverage on online marketing initiatives, such as virtual showroom tours, online product videos via YouTube, Facebook and Instagram platforms.

Digitalisation continues to remain a focus area to increasing operational efficiency within the operation team.

The adoption of mobile app within its operations for inventory management will enable staffs to improve operational efficiency. Hafary will continue to expand the features of this mobile app and continue to take a step forward towards increased digitalisation.

In the longer term, Hafary will continuously build up on its product competencies, strengthen its supply chain and explore overseas opportunities. Hafary will leverage on its manufacturing segment to reinforce control over its supply chain and capitalize on future growth opportunities.



OUTLOOK FOR 2025

The Malaysian construction sector is forecast to register a growth of 9.4% in 2025, lending support to the demand for the division's products. The national budget 2025 identifies several substantial projects such as the Pan Borneo Sabah Phase 1B, flood mitigation packages and the Sabah-Sarawak Link Road which can potentially support the quarry operations in Sabah.

The ongoing US trade tariffs is expected to impact the open Singapore economy. The Singaporean Ministry of Trade and Industry (MTI) is expecting GDP growth for 2025 to be subdued, primarily impacting outward-oriented sectors such as manufacturing, wholesale trade, transportation and logistics.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED OR KNOWN RISK

The Group is dedicated to effectively managing risks throughout its business operations while delivering sustainable value to its shareholders. The Group will remain alert to both current and emerging financial and operational risks, while also focusing on improving operational efficiency and leveraging synergies within the Group.



The plantation industry continues to face production cost pressures, from rising input material costs to increase in minimum wages. To mitigate this, plantation management consistently seek ways to improve efficiencies in its operation, including mechanizing certain works, such as utilizing aerial drones for the application of fertilizers.

Adverse weather conditions, which affects the oil palm and disrupts field operations, poses a potential threat to the production of palm oil. Plantation management remains vigilant in preparing for such conditions to minimise the impact to the trees and operations.

Occupational safety and health of all its employees continue to be a priority to the Plantation division. It continuously seeks to improve its health and safety procedures and protocol with assistance from the Department of Occupational Safety and Health.

The Property division anticipates further improvement in the property market in 2025, supported by targeted government initiatives aimed at assisting homebuyers. However, purchasing decisions may remain cautious due to inflationary pressures. To address this, the division will offer a diverse range of promotional packages designed to attract various homebuyers across the Klang Valley and Sabah.

The division's green building-compliant commercial properties are anticipated to maintain healthy occupancy rates and continue attracting potential tenants in 2025. However, the oversupply of office space, along with an

influx of new spaces in the coming years, is expected to exert pressure on both occupancy and rental rates. To counter this, the division will prioritize the upkeep of its high-quality, green building-compliant commercial properties with modern specifications, ensuring they remain in optimal condition to attract tenants seeking green-certified office spaces.



The Credit Financing division will be vigilant to changes in the economic and financing landscapes surrounding its businesses. It will constantly review its lending policies to manage operational risks whilst continuing its approach of stringent cost management practices and effective credit collection, loan recovery and rehabilitation.

In light of the uncertainties in the global financial sector, the Credit Financing division maintains a healthy capital adequacy ratio to support the loan portfolio.

The dynamic environment within which the automotive sector operates in as well as pricing competitiveness, new brand and/or product entrants (in particular electric passenger vehicles segment) and government regulations may lead to uncertainties in the automotive industry.



The Automotive division will engage closely with its principals and/or government agencies and continue to focus on providing service excellence to attract and retain customers in order to mitigate any potential shortfall in retail sales.

MANAGEMENT DISCUSSION AND ANALYSIS

The uncertainty caused by the trade tariffs imposed by the Trump administration may have impact on the supply and price of potash from Canada.

In addition, the announcement of production cuts by Belarusian producers will further exacerbate the situation. The fertilizers trading operations will continue to monitor the situation in order to secure sufficient supply and maintain its margins.

The quarry operation remains greatly reliant on numerous large infrastructure projects, such as the Pan Borneo Highway, and the demand from the Indonesia and Brunei export markets. With the Pan Borneo Highway Phase 1A nearing completion at almost 80%, coupled with increased competition in the Indonesian market, there is increased likelihood of downward pressure on demand.

In Singapore, credit-related risks, such as the impairment or write-off of trade receivables, remains a focus for Hafary. The rising costs of labor and materials, as well as high borrowing costs, impacts Hafary's customers as they navigate the challenging business environment. Hafary will put more emphasis on collection and credit management.



Hafary will continue to face manufacturing related risks as it has expanded upstream into tile manufacturing. The manufacturing joint venture partner, CNA Pte Ltd, an established and experienced premium tile manufacturer in China, will continue to bring its extensive know how and manufacturing capabilities into the manufacturing operations.

Notwithstanding these potential risk, Hafary maintains a stance of cautious optimism, steadfastly committed to addressing such challenges. This cautious optimism is underpinned by the anticipated sustained growth in the various key target markets of Hafary.

MOVING FORWARD

The Malaysian palm oil industry is expected to grow modestly, supported by increased FFB production and yields which are driven by larger harvestable areas, favourable weather and an improved labour market. Malaysia CPO price is forecast to remain above RM4,000 per tonnes for the 1st half of 2025 due to increased global demand, supported by higher global soybean oil output and consistent CPO demand from major importing countries. In addition, the Indonesian government's effort to push their B40 bio-diesel mandate further support prices, particularly for Malaysian planters.



The Malaysian property market is expected to continue its recovery in 2025 amid various Government initiatives to drive property purchase and overall improvement in property demand as shown in easing of property overhang and increase in loan application for property purchase. In order to encourage home ownership, the government through its latest National Budget introduced tax reliefs on interest expenses incurred by first-time home buyers for home valued between RM500,000 and RM750,000. Additionally, BNM's decision to maintain the OPR at 3.0% also provides a stable interest rate environment to support the property market.

The commercial office sector is expected to face challenges amid the increase in supply of new office spaces in Kuala Lumpur. However, with a relatively stable tenant portfolio supported by active leasing and building management efforts, the division is confident that its investment properties will remain viable.

For the hospitality sector, the government's budget allocation of RM550 million for the ASEAN Tourism Forum 2025 and Visit Malaysia 2026 campaign, coupled with the temporary 30-day visa-free entry policy for Chinese and Indian nationalities is expected to boost the hospitality industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The division's 5-star hotels, Hyatt Centric Kota Kinabalu and Hyatt Centric City Centre Kuala Lumpur, are expected to improve its occupancy rates and average room rates in 2025. In addition, Hyatt Regency Kuala Lumpur is expected to be launched in the 3rd quarter of 2025.

The Credit Financing division will continue to consolidate its business focussing on collections. The NPL would be controlled through concerted efforts in credit control and debt recovery. The division will continue to capitalise on Group-wide synergies in its new loan acquisitions.

The automotive industry is expected to record a 4.5% drop in TIV to 780,000 units in 2025, following a record high in 2024. This anticipated decrease is attributed to targeted subsidy rationalization and global economic uncertainties.



The fertilizer industry is expected to witness increased affordability and demand. This positive outlook is supported by reasonably strong CPO prices driven by the ongoing biodiesel mandates and subdued production growth in Malaysia. Challenges remain including weather disruptions, consolidation of planted areas, aging palm trees, and suboptimal labour productivity despite easing labour shortages. Geopolitical factors such as US tariffs on Canadian potash, and scheduled turnarounds for major potash producers could also contribute to bullish sentiment in the MOP market.



The construction sector in Malaysia is expected to maintain its growth in 2025 as the Government forecast the construction sector to grow by 9.4% supported by the several large infrastructure projects in the country. For the general trading business and Building Materials division, large infrastructure projects such as the ongoing Pan Borneo Highway will drive demand for quarry products.

Hafary is cautiously optimistic that demand in both its General and Project segments will remain positive in 2025, continuing to focus on stock optimisation, cost control and driving sales growth.

Notwithstanding the above, the Group is cognisant of the uncertainties caused by the US trade tariffs and its potential impact on the Group's businesses. The Group will continue to remain vigilant in managing its businesses and operations.



ACKNOWLEDGEMENT

The Company would like to express its gratitude and thanks to its board of directors and shareholders for their confidence and support. The Company would like to extend its utmost gratitude to Mr Lee Wee Yong, who retired as Group Finance Director and executive director on 31 December 2024, for his dedicated and unwavering service to the Company and Board. The Company would also like to extend its gratitude to Mr Leow Ming Fong @ Leow Min Fong, who resigned as Chairman of the Audit Committee and independent non-executive director on 3 March 2025, for his dedicated service to the Company and Board.

The Company would also like to thank the management and staff for their significant contributions over the years and further acknowledges the support given to the Group from its bankers, business partners, clients, customers and suppliers.

BOARD OF DIRECTORS



Thomas Karl Rapp
Independent
Non-Executive Chairman



**Datuk Edward Lee
Ming Foo, JP**
Managing Director



Cheah Yee Leng
Executive Director



**Datuk Simon Shim
Kong Yip, JP**
Non-Independent
Non-Executive Director



**Dato' Wan Mohd Fadzmi
Bin Che Wan Othman
Fadzilah**
Independent
Non-Executive Director



Tan Boon Peng
Independent
Non-Executive Director



Wong Yoke Nyen
Independent
Non-Executive Director

DIRECTORS' PROFILE

Thomas Karl Rapp

*Independent
Non-Executive
Chairman*



Thomas Karl Rapp, male, a German, aged 68, is the independent non-executive chairman of Hap Seng Consolidated Berhad. He was appointed to the Board as an independent non-executive chairman on 26 February 2020. He is also a member of the Audit Committee and Nominating Committee and the chairman of the Remuneration Committee.

Mr. Thomas Karl Rapp joined Hap Seng Consolidated Berhad (HSCB) Group on 1 July 2006 as the executive chairman of the property holding and development division. He then became the CEO and chairman of Malaysian Mosaics Sdn Bhd (formerly Malaysian Mosaics Berhad) (MMSB) from 1 February 2007 to 1 December 2008.

Prior to him joining HSCB Group and MMSB, Mr. Thomas Karl Rapp had held various senior positions within the worldwide Mercedes-Benz Group from 1986 to 2006 in Europe and South East Asia. He was the general director of Mercedes-Benz Vietnam Ltd in Ho Chi Minh City and chief representative of Daimler in Hanoi / Vietnam from 2002 to 2006.

Since 2009, Mr. Thomas Karl Rapp is the managing director of TKR Consulting Sdn Bhd.

Mr. Thomas Karl Rapp graduated with a Degree in Business Economics from Chamber of Commerce Stuttgart, Germany.

Mr. Thomas Karl Rapp does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Datuk Edward Lee Ming Foo, JP

Managing Director



Datuk Edward Lee Ming Foo, JP, male, a Malaysian, aged 70, is the managing director of Hap Seng Consolidated Berhad. He was first appointed to the board on 1 November 2000 as a non-independent non-executive director, became an executive director on 25 March 2002 and assumed the current position since 31 March 2005.

In addition, Datuk Edward Lee is the managing director of both Gek Poh (Holdings) Sdn Bhd (Gek Poh) and Hap Seng Plantations Holdings Berhad. Gek Poh is the holding company of Hap Seng Consolidated Berhad. Datuk Edward Lee is also a non-independent non-executive director of Hafary Holdings Limited, a company incorporated in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Datuk Edward Lee graduated with a degree in Bachelor of Arts from the McMaster University in Canada in 1977. He joined the Malaysian Mosaics Sdn Bhd (formerly Malaysian Mosaics Berhad) group of companies in 1980, became the group chief operating officer in 1995 and was the managing director from 31 March 2005 to 31 January 2007.

Datuk Edward Lee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries save for the recurrent related party transactions disclosed in Note 43 to the Financial Statements. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Cheah Yee Leng

Executive Director



Cheah Yee Leng, female, a Malaysian, aged 56, is an executive director of Hap Seng Consolidated Berhad and was appointed to this position on 1 June 2014.

In addition, Ms. Cheah is a non-independent non-executive director of Paos Holdings Berhad and Hafary Holdings Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Ms. Cheah joined Hap Seng Consolidated Berhad (HSCB) group of companies in 1997 and is presently the Director of Corporate Affairs and the Legal Counsel of HSCB Group. She is also an executive director and the Group Company Secretary of Hap Seng Plantations Holdings Berhad.

Ms. Cheah holds a Bachelor of Laws Degree and Bachelor of Economics Degree from Monash University in Australia.

Ms. Cheah does not have any family relationship with any director and/or major shareholder nor does she have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. She has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

She attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Datuk Simon Shim Kong Yip, JP

*Non-Independent
Non-Executive Director*



Datuk Simon Shim Kong Yip, JP, male, a Malaysian, aged 68, is a non-independent non-executive director of Hap Seng Consolidated Berhad and was appointed to this position on 16 February 1996. He is also a member of the Audit Committee, Remuneration Committee and Nominating Committee.

In addition, Datuk Simon Shim was appointed as a non-independent non-executive director of Hap Seng Plantations Holdings Berhad on 9 August 2007 and became the deputy chairman on 23 February 2015. He is also a non-independent non-executive director of Lam Soon (Thailand) Public Company Limited, a company listed on the Stock Exchange of Thailand.

Datuk Simon Shim is a director of Lei Shing Hong Securities Limited, a company registered with the Securities and Futures Commission Hong Kong, is a wholly-owned subsidiary of Lei Shing Hong Limited, a company incorporated in Hong Kong. He was also appointed as the business advisor of Lei Shing Hong Group on 1 September 2022.

Datuk Simon Shim is the managing partner of Messrs Shim Pang & Co. He holds a Master Degree in law from University College London, London University and is a Barrister-at-law of the Lincoln's Inn, London, an Advocate and Solicitor of the High Court in Sabah and Sarawak, a Notary Public and a Justice of the Peace in Sabah. He is a Chartered Arbitrator and a Fellow of both the Chartered Institute of Arbitrators, United Kingdom and the Malaysian Institute of Arbitrators. He was a member of the Malaysian Corporate Law Reform Committee and its working group on Corporate Governance and Shareholders' Rights.

Datuk Simon Shim does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries save for the recurrent related party transactions disclosed in Note 43 to the Financial Statements. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah

*Independent
Non-Executive Director*



Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah, male, a Malaysian, aged 59, is an independent non-executive director of Hap Seng Consolidated Berhad and was appointed to this position on 23 November 2017. He is also the chairman of the Nominating Committee.

Dato' Wan Fadzmi is an independent non-executive chairman of Sumitomo Mitsui Banking Corporation Malaysia Berhad. He is also an independent non-executive director of Zurich General Takaful Malaysia Berhad, Malaysian Rating Corporation Berhad and V.S International Group Limited, a company listed on the Stock Exchange of Hong Kong Limited. In addition, he is a member of the Investment Panel at Lembaga Tabung Angkatan Tentera.

Dato' Wan Fadzmi holds a Bachelor of Construction Economics from RMIT University, Melbourne, Australia and attended the Advanced Management Program at The Wharton Business School, University of Pennsylvania, USA and the Senior Executive Finance Program at University of Oxford, United Kingdom. He is a Chartered Banker (Asian Institute of Chartered Bankers) and a Fellow of Institute of Corporate Directors Malaysia.

Dato' Wan Fadzmi has extensive experience in domestic and international banking. During his 22 years career in the Malayan Banking Berhad, Dato' Wan Fadzmi held various senior management positions including the chief executive and country heads for the bank's operations in London, New York and Hong Kong. In addition, he was director of Global Financial Banking strategic business group at RHB Bank Berhad from July 2010 to June 2011 before assuming the position as the President/Chief Executive Officer at Bank Pertanian Malaysia Berhad (Agrobank) from July 2011 to August 2017. He was also the independent non-executive chairman of Labuan Financial Services Authority (Labuan FSA) from 1 January 2024 to 31 December 2024.

Dato' Wan Fadzmi does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Tan Boon Peng

*Independent
Non-Executive Director*



Tan Boon Peng, male, a Malaysian, aged 58, is an independent non-executive director of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 26 February 2020. He is also a member of the Remuneration Committee.

Mr. Tan was formerly the Regional Head of Equity Capital Markets at the CIMB Group where he had held various positions over a span of more than 13 years until 2016. Mr. Tan was a Sime Darby Scholar and began his professional career as a factory manager/engineer with the Sime Darby Group before venturing into financial services. He was an equity research analyst, over time holding various positions at several Malaysian and international stockbroking institutions including being Head of Research; and thereafter joined the CIMB Group.

Mr. Tan graduated with a Master of Arts and Bachelor of Arts (Hons) in Engineering from the University of Cambridge, United Kingdom.

Mr. Tan does not have any family relationship with any director and/or major shareholder. Mr. Tan is an independent non-executive director of CapitaLand Malaysia REIT Management Sdn Bhd which manages CapitaLand Malaysia Trust, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad ("Trust Company"). The Trust Company owns six shopping malls and two logistics centres. Three of the shopping malls and one logistics centre are located in Klang Valley, which may pose a potential conflict of interests with the subsidiaries of HSCB involved in the shopping malls and logistics centre. He will abstain from participating in deliberations and voting on resolutions in relation to the aforesaid transactions. Save as disclosed above, Mr. Tan does not have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

Wong Yoke Nyen

*Independent
Non-Executive Director*



Wong Yoke Nyen, male, a Malaysian, aged 66, is an independent non-executive director of Hap Seng Consolidated Berhad and was appointed to this position on 1 January 2021. He is also the chairman of the Audit Committee.

Mr. Wong started his career in Baker Rooke, a firm of Chartered Accountants in London, United Kingdom in 1981, where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. He joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) in 1983 and his last position in Aseambankers Malaysia Berhad was executive vice president cum head of corporate finance division. He is a seasoned investment banker with more than 30 years of dedicated corporate finance and investment banking experience. He was an honorary advisor to the Master Builders Association Malaysia from July 2008 to June 2010. Mr. Wong was an independent non-executive director of Focus Lumber Berhad, Sentoria Group Berhad and Pertama Digital Berhad.

Mr. Wong started WYNCORP Advisory Sdn Bhd (WYNCORP) in 2004, a private company licensed to provide corporate finance advisory services. Currently, Mr. Wong is the managing director of WYNCORP.

Mr. Wong holds a Bachelor of Arts with Second Class Honours Degree (First Division) in Accountancy from City of London Polytechnic (now known as London Metropolitan University), United Kingdom. He attended the Advance Management Program at The Wharton Business School, University of Pennsylvania, USA. He is also a member of the Institute of Chartered Accountants in England and Wales – Corporate Finance Faculty.

Mr. Wong does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

He attended all the five board meetings held during the financial year ended 31 December 2024.

SENIOR MANAGEMENT TEAM



**Datuk Edward Lee
Ming Foo, Jr**
Group Managing Director



Cheah Yee Leng
Director of Corporate Affairs
& Group Legal Counsel



Chong Chee Wooi
Deputy Group Finance
Director



Tan Boon Siong
Group Chief Financial
Officer



Au Yong Siew Fah
Chief Executive
(Plantation Division)



Voon Thau Vui
Chief Executive
(Trading Division)



Puan Chen Keck
Chief Executive
(Credit Financing Division)



Lee Weng Yew
Chief Executive
(Automotive Division)



Khor Soo Beng
Chief Operating Officer
(Property Division)



Andrew Talling
Chief Operating Officer
(Quarry & Building
Materials)



Lim Kwan-Sek
Group Human Resource
Director



Chia Nam Liang
Chief Information Officer

SENIOR MANAGEMENT TEAM'S PROFILE

CHONG CHEE WOOI

Deputy Group Finance Director

Chong Chee Wooi, male, a Malaysian, aged 53, is the deputy group finance director of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 30 May 2019.

Mr. Chong was attached to the Lei Shing Hong Ltd Group of Companies (LSH Group) for 11 years where he held various senior positions in the automotive, credit and property businesses. His last position in LSH Group was as the group financial controller of Lei Shing Hong Properties Co. Ltd based in Hong Kong. Prior to him joining the LSH Group, Mr. Chong had held various senior finance and management positions in companies spanning pharmaceutical, petrochemical and specialty chemical industries covering the Asia Pacific region for 15 years.

Mr. Chong holds a Bachelor of Commerce Degree majoring in Accounting from University of Newcastle, New South Wales, Australia. He is a Fellow member of the Institute of Singapore Chartered Accountants and a member of the Malaysian Institute of Accountants.

Mr. Chong does not have any family relationship with any director and/or major shareholder. He is a board member of various wholly-owned subsidiaries of the LSH Group, a related party involved in the businesses of property development and property investment in Malaysia. He will abstain from participating in deliberations and voting on resolutions in relation to the aforesaid transactions. Save as disclosed above, Mr. Chong does not have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries save for the recurrent related party transactions entered into with LSH Group as disclosed in Note 43 to the Financial Statements. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

TAN BOON SIONG

Group Chief Financial Officer

Tan Boon Siong, male, a Malaysian, aged 57, is the group chief financial officer of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 3 October 2022.

Mr. Tan commenced his career with Arthur Andersen & Co (now known as Ernst & Young PLT), Malaysia in 1991. He left the audit profession in 1994 to join the Corporate Finance Division of Commerce International Merchant Bank Berhad (now known as CIMB Investment Bank Berhad). He joined YTL Power Group (YTL Group) in 2002. During his 14-year career with YTL Group, he held various senior finance roles, including a 9-year secondment stint at Wessex Water Services Limited, their United Kingdom water operations. In 2016, he joined Land & General Berhad initially as a Corporate Advisor and subsequently as chief financial officer. Prior to his appointment to the HSCB group, he was the CFO of TSH Resources Berhad.

Mr. Tan holds a Bachelor of Commerce (Hons) Degree from the University of Melbourne, Australia. He is a member of the Malaysian Institute of Accountants and CPA Australia as well as the Interpretation Committee of Malaysian Accounting Standards Board.

Mr. Tan does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

SENIOR MANAGEMENT TEAM'S PROFILE

AU YONG SIEW FAH

Chief Executive – Plantation Division

Au Yong Siew Fah, male, a Malaysian, aged 74, is the chief executive of the plantation division of Hap Seng Consolidated Berhad (HSCB), Hap Seng Plantations Holdings Berhad (HSP), and was appointed to this position on 12 February 2001. Thereafter he was appointed an executive director of HSP on 31 July 2007.

Mr. Au Yong started his career as a cadet planter with Yule Catto Plantations Sdn Bhd in Kluang, Johor in 1969 after attending the Royal Military College. He has more than 52 years of extensive experience in all aspects of management of large plantations for major crops.

Mr. Au Yong obtained the Diploma of the Associate of Incorporated Society of Planters in 1974. He is one of the founding members of the Malaysian Palm Oil Association (MPOA) and is presently the vice-chairman. He served as a member of the Malaysian Palm Oil Board (MPOB) during the years from 2008 to 2016 and was re-appointed in 2018.

Currently, Mr. Au Yong holds 291,600 HSCB shares and 180,000 HSP shares respectively.

Mr. Au Yong does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

VOON THAU VUI

Chief Executive – Trading Division

Voon Thau Vui, male, a Malaysian, aged 61, is the chief executive of the trading division of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 1 September 2013.

Mr. Voon has over 20 years of senior management experience in the commodities trading industry in Asia. Prior to him joining HSCB group of companies, he was the executive director of Lei Shing Hong Trading (China) Co. Ltd. from March 2006 to August 2013 and was responsible for the overall business performance of the company covering both China and Asia Pacific region.

Mr. Voon holds an Executive MBA in International Marketing from Berne University of Applied Sciences Switzerland and a Postgraduate Diploma in Marketing from Chartered Institute of Marketing in United Kingdom. He is a Fellow of the Chartered Institute of Marketing in United Kingdom.

Mr. Voon does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

SENIOR MANAGEMENT TEAM'S PROFILE

PUAN CHEN KECK*Chief Executive – Credit Financing Division*

Puan Chen Keck, male, a Malaysian, aged 67, is the chief executive of the credit financing division of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 7 April 2014.

Mr. Puan joined HSCB group of companies in 2003 as the general manager of the credit financing division and was later promoted to deputy chief executive before assuming the present position. He has more than 25 years of experience in senior management position in credit and finance sector. Prior to this, he was the head of retail banking of Affin-ACF Finance Berhad (now known as Affin Bank Berhad).

Mr. Puan is a member of the Chartered Institute of Management Accountants in United Kingdom.

Currently, Mr. Puan holds 31,000 HSCB shares and 32,500 Hap Seng Plantations Holdings Berhad shares respectively.

Mr. Puan does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

LEE WENG YEW*Chief Executive – Automotive Division*

Lee Weng Yew, male, a Malaysian, aged 49, is the chief executive of the automotive division of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 17 February 2025.

Mr. Lee began his automotive career with Perusahaan Otomobil Nasional Sdn. Bhd. in 2002. He has more than 22 years of experience in the automotive industry covering export, new business setup, channel management, digital retail, wholesale, direct sales and amongst others. During his 11-year career with Volkswagen Group in China, he had held various senior roles. Prior to him joining HSCB group, he was the Chief Retail Officer of Volkswagen (Anhui) Digital Sales & Services Co. Ltd in China.

Mr. Lee holds a Bachelor of Business Administration with a double major in Marketing and Human Resources from the University of Southern Queensland, Australia.

Mr. Lee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

SENIOR MANAGEMENT TEAM'S PROFILE

KHOR SOO BENG

Chief Operating Officer – Property Division

Khor Soo Beng, male, a Malaysian, aged 62, is the chief operating officer of the property division of Hap Seng Consolidated Berhad and was appointed to this position on 9 December 2013.

Prior to this, Mr. Khor was the chief operating officer of the property development of UOA Group. During his 18-year career with UOA Group, he was primarily involved in the development of the Bangsar South Mixed Development. In addition, he was also involved in the listing of UOA Real Estate Investment Trust (UOA REIT) and UOA Development Berhad. He then joined Paramount Corporation Berhad to be its chief operating officer of the property division.

Mr. Khor holds a Bachelor of Science (Hon) degree in Building from University of Ulster in United Kingdom. He is a member of The Chartered Institute of Building (CIOB) United Kingdom, Building Management Association of Malaysia (BMAM) and Malaysian Institute of Property and Facility Managers (MIPFM).

Mr. Khor does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

ANDREW TALLING

Chief Operating Officer – Quarry & Building Materials

Andrew Talling, male, British, aged 61, is the chief operating officer of the quarry, asphalt and bricks business of Hap Seng Consolidated Berhad and was appointed to this position on 18 December 2017.

Mr. Talling has more than 30 years of international experience in heavy building material industries, including quarries, asphalt, concrete and brick. Prior to this, he had held various senior positions in global building material multinationals including Hanson Quarry Products (Thailand) Ltd and Insee Aggregates division of Siam City Concrete Co. Ltd which was part of Holcim Group.

Mr. Talling holds a Master in Business Administration from the University of Lincoln and Humberside in United Kingdom and an Honours Degree in Mining Engineering from Imperial College, London, United Kingdom. He is also a Fellow of the Institute of Quarrying.

Mr. Talling does not have any family relationship with any director and/or major shareholder nor does he have any conflicts of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

SENIOR MANAGEMENT TEAM'S PROFILE

LIM KWAN-SEK*Group Human Resource Director*

Lim Kwan-Sek, male, Malaysian, aged 52, is the Group Human Resource Director of Hap Seng Consolidated Berhad and was appointed to this position on 1 November 2021.

Mr. Lim began his career in Andersen Consulting (now known as Accenture) in 1996. He has more than 25 years of experience in multiple industries ranging from management consulting, financial services to manufacturing, among others. During his career, he has held various senior leadership roles which include the Chief Human Resources Officer at AIA Berhad, Human Resources Director at Heineken Malaysia Berhad and Head Organisational Performance at Sime Darby Berhad.

Mr. Lim holds a Master of Science (Econs) Degree in Management from the London School of Economics in United Kingdom and a Bachelor of Arts (Hons) Degree in Sociology from the University of Reading in United Kingdom.

Mr. Lim does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

CHIA NAM LIANG*Chief Information Officer*

Chia Nam Liang, male, a Malaysian, aged 63, is the Chief Information Officer of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 1 July 2004.

Mr. Chia started his career with Arthur Andersen & Co's Management Information Consulting Division (now known as Accenture Consulting) in 1985. After Arthur Andersen, he has held several senior consulting positions in Unisys, PwC, Deloitte Consulting and IBM.

Apart from being a consultant, Mr. Chia also headed the Group IT divisions in both UMW Toyota Sdn Bhd and Malaysian Mosaics Sdn Bhd (formerly Malaysian Mosaics Berhad) group of companies.

Mr. Chia holds a Bachelor of Engineering (Honours) Degree from Universiti Malaya. He is a member of the Institution of Engineers (IEM) and PIKOM CIO Chapter.

Mr. Chia does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests or potential conflict of interests, including any interest in any competing business with the Company and its subsidiaries. He has not been convicted of any offence, other than traffic offences, in the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This corporate governance overview statement (“CG Statement”) of Hap Seng Consolidated Berhad (“HSCB” or the “Company” and “Group” refers to HSCB’s group of companies) is prepared pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“LRs” and “Bursa Securities”), with guidance being drawn from Practice Note 9 of LRs and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

The CG Statement is supplemented by a corporate governance report (“CG Report”) prepared in accordance with the prescribed format of paragraph 15.25(2) of the LRs. The CG Report is to provide a detailed articulation on the extent to which the Company has complied with the corporate governance practices set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”). The CG Report is available on the Company’s website, www.hapseng.com as well as the website of Bursa Securities.

This CG Statement should also be read in conjunction with the other statements in this annual report (e.g. Statement on Risk Management and Internal Control, Reports on Audit, Nominating and Remuneration Committees and Sustainability Statement) as the application of certain corporate governance enumerations may be more succinctly explained in the context of the respective statements.

CORPORATE GOVERNANCE APPROACH

The board of HSCB (“Board”) is committed to ensure that the Company remains strong, viable and sustainable to deliver value to both its shareholders and stakeholders. The Board believes that a robust and dynamic corporate governance framework is essential for effective and responsible decision-making at the Company.

The Company’s overall approach to corporate governance is to:

- have the appropriate people, processes and structures to direct and manage the business and affairs of the Company;
- drive the application of good corporate governance practices through the alignment of the interests of shareholders, the stakeholders and the Company; and
- embed sound corporate governance practices into the Company’s broader responsibility to shareholders, customers and the communities in which it operates.

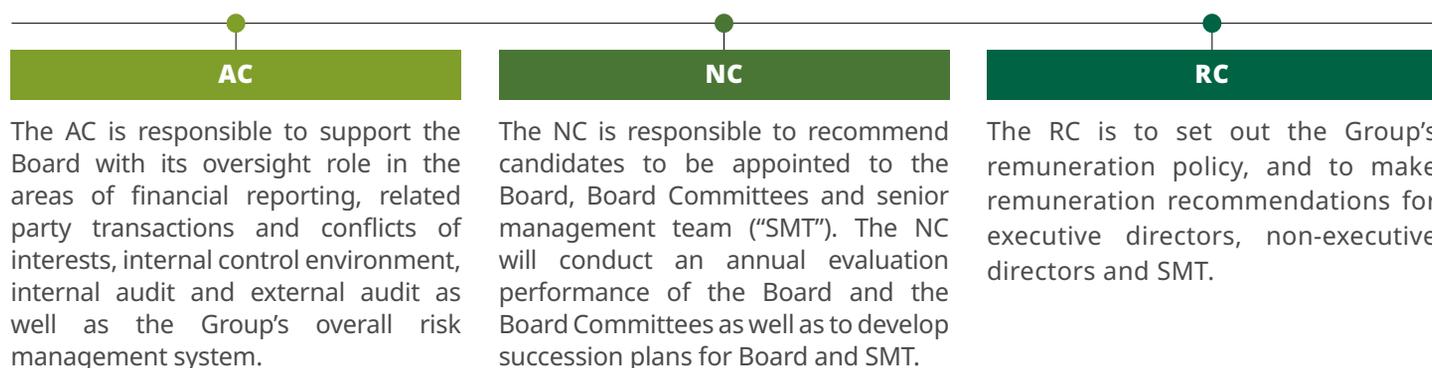
For this purpose, the Board strives to promote meaningful and thoughtful application of good corporate governance practices. Recognizing that improving corporate governance practices is a dynamic and evolving process, the Company will continue to enhance accountability, objectivity and transparency in its operations.

A summary of the Company’s corporate governance practices with reference to the MCCG is described below.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for overseeing the management of the business and affairs of the Group, including the commitment to sustainability, in the best interest of the Company.

The Board has established three board committees, namely the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”) (collectively the “Board Committees”), with clear terms of reference. By engaging closely and actively with the Board, the Board Committees are able to effectively assist the Board in the discharging of its oversight function.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Board Committees meet regularly to deliberate on matters under their respective purview. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results, risk management status report and sustainability report. Meeting attendance of Board members and members of the various Board Committees during the financial year ended 31 December 2024 is as follows:

Directors	Board	AC	RC	NC
Thomas Karl Rapp	5/5	5/5	2/2	3/3
Datuk Edward Lee Ming Foo, JP	5/5			
Cheah Yee Leng	5/5			
Datuk Simon Shim Kong Yip, JP	5/5	5/5	2/2	3/3
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	5/5			3/3
Tan Boon Peng	5/5			
Wong Yoke Nyen	5/5			
Lee Wee Yong ¹	5/5			
Leow Ming Fong @ Leow Min Fong ²	5/5	5/5	2/2	

¹ Retired on 31 December 2024.

² Resigned on 3 March 2025.

 Board/Board Committee Chairman  Member

There is a clear demarcation of responsibilities between Board and management of the Group ("Management"). While the Board directs and governs the Management, it does not unduly usurp the operational and implementation role of Management. The chairman is responsible to spearhead the Board ("Chairman") while the managing director is responsible for the efficient and effective management and day-to-day operations of the Group ("Managing Director"), in accordance with the strategic direction of the Board. The positions of Chairman and Managing Director are held by different individuals.

The Board has formalised a board charter which delineates the responsibilities of the Board, Board Committees, and their members, including matters that are solely reserved for the Board's decision ("Board Charter"). The Board Charter is periodically reviewed by the Board to ensure it reflects Group's evolving needs. The Board Charter is available on the Company's website.

Based on the recommendation by NC, the Board during the meeting held on 27 February 2025, resolved to expand the term of reference of NC and the fit and proper policy to include the assessment of potential candidates for SMT of the Group.

Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah, the senior independent director was appointed to act as a sounding board for the Chairman, address concerns that may be raised by shareholders of the Company and as an intermediary for other directors when necessary.

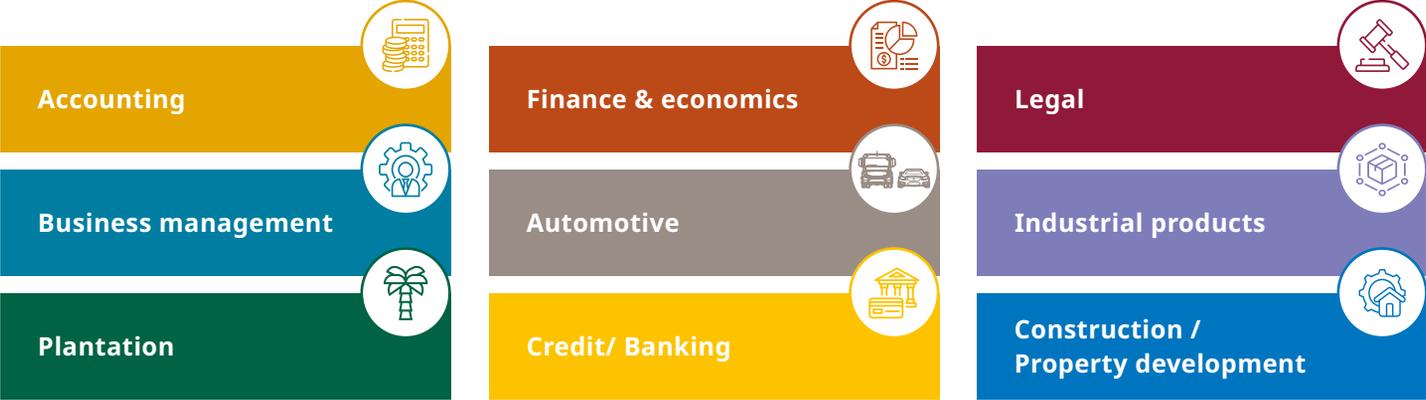
In discharging its responsibilities, the Board is assisted by a qualified and competent company secretary who acts as a counsel on corporate governance matters. The Management always provides directors with adequate and timely information prior to meetings to enable them to make informed decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

Recognizing that the Group is diversified with six core and synergistic businesses – plantation, property, credit financing, automotive, trading and building materials, the Board ensures that it has an appropriate mix of skills, experience and diversity to discharge its role and responsibilities effectively based on the Group’s diversified businesses. The Board undertakes a periodic review of its composition to ensure that all skill gaps are filled and to identify areas of weakness for improvement.

The directors strive to harness their knowledge and professional experience to provide diverse perspectives on the Company’s business operations and strategies. The expertise possessed by the Management as well as access of directors to external professional experts complement the effective functioning of the Board. The collective skill-set and experience of the Board are illustrated in the following matrix:



On 31 December 2024, Mr. Lee Wee Yong retired as an executive director of the Company and on 3 March 2025, Mr. Leow Ming Fong @ Leow Min Fong having served as an independent non-executive of the Company for nine years resigned as a director.

The Board is currently made up of four independent non-executive directors, one non-independent non-executive director and two executive directors including a managing director. The presence of a majority of independent directors allows the Board to apply heightened professional vigilance and challenge the Management in an unbiased manner and prevent dominance and complacency in the boardroom.

The NC assesses the independence of the independent directors annually to ascertain if they display a strong element of impartiality. In conducting this assessment, the dimension of tenure of service is also considered to ensure that the same has not reduced impartiality or resulted in lack of fresh insights. Currently, all the independent non-executive directors have served the Board for less than nine years.

Presently, the Chairman is a member of the Board Committees. Although the Board acknowledges the perceived or potential risk of self-review by the Chairman assuming membership of the various Board Committees, there is no basis to conclude that such risk has been actualised.

Board appointments are made via a formal, rigorous and transparent process, premised on meritocracy and after taking into account the skills, experience, tenure and diversity needed on the Board in the context of the Company’s strategic direction. NC will assess and evaluate whether the candidate fulfills the fit and proper criteria as stated in the fit & proper policy.

In terms of gender diversity, the Board currently comprises one female director, namely, Ms. Cheah Yee Leng. The Company continues to encourage mentoring of female employees within the Group. This will eventually expand the female talent pool for potential female candidates to be appointed onto the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board, facilitated by the company secretary, undertakes an annual assessment of the effectiveness of both the Board and the Board Committees as well as the individual directors in a formal process. Every directors is required to complete the requisite questionnaires and submit the same directly to the company secretary who will collate the responses and produce a summary report to the NC. The NC will then analyse the report and submit its findings and recommendation to the Board. Such findings would be utilized as the bases for the Board's development needs and in making governance changes.

NC has conducted the fit and proper assessment on the directors who were proposed for re-election in accordance with clause 116 of the Company's constitution at the forthcoming annual general meeting ("AGM"). The retiring directors had also submitted to the Company their fit and proper declaration forms.

In addition, NC also conducted the fit and proper assessment on Mr. Lee Weng Yew who was appointed as the chief executive of the automotive division on 17 February 2025 and recommended the same to the Board.

REMUNERATION

The Board ensures that a fair level of remuneration is imperative to attract, retain and motivate directors and SMT to manage the Company successfully. The component remuneration packages for executive directors and SMT have been structured to link rewards to corporate and individual performance whilst non-executive directors' remuneration reflects the experience and level of responsibilities undertaken by individual non-executive directors. The remuneration policy and procedures for executive directors, non-executive directors and SMT are available on the Company's website.

Mr. Tan Boon Peng was appointed as a member of the RC on 4 March 2025 in place of Mr. Leow Ming Fong @ Leow Min Fong.

AUDIT COMMITTEE

None of the AC members are the former audit partners of the Company. The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions, conflict of interests situations that arises, persists or may arise as well as risk management framework. The AC seeks to benefit from the possession of financial literacy amongst its members complemented with a sound understanding of the business for it to discharge its responsibilities effectively.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditors. These include policies and procedures to review the suitability and independence of the external auditors. During the year under review, the AC has received written assurance from external auditors confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors confirmed that throughout the course of audit, they had not discovered any suspected or actual fraud cases. The AC also confirmed that to the best of their knowledge, they had no knowledge of any suspected or actual fraud cases involving the Company.

During the year, the AC held two separate independent meetings with the external auditors in the absence of the executive Board members and management representatives during which the external auditors informed the AC that they had received full co-operation from the Management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the AC.

Mr. Wong Yoke Nyen was appointed as the chairman of the AC on 4 March 2025 in place of Mr. Leow Ming Fong @ Leow Min Fong.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REVIEW OF BOARD AND BOARD COMMITTEES' POLICIES AND PROCEDURES

The Board reviewed its Board Charter alongside the terms of reference for each of the Board Committees. The information was up-to-date with the revised regulatory expectations as well as the expectations of stakeholders for directors to exercise greater vigilance and skepticism in understanding and shaping the direction of the Company. These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

Based on the recommendation by NC, the Board during the meeting held on 27 February 2025 approved the amendments on the Board Charter to align with the LRs in terms of governance, strategies and performance target concerning ESG and climate-related risks as well as occupational, health and safety initiatives.

The Board was satisfied with the evaluation conducted by NC that all members of the Board and Board Committees were suitably qualified to hold their positions having considered amongst their respective academic and professional qualifications, skills, competencies, tenure, experiences, commitment and contribution to the Board and Board Committees.

PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year under review, directors have continued to attend various training and courses relevant to the discharging of their function as directors of the Company. In-house talks were also organised on topical areas to keep directors updated with the latest developments or changes in the regulatory framework and the like.

Training programmes attended by the Board members (except for Mr. Lee Wee Yong and Mr. Leow Ming Fong @ Leow Min Fong who were retired and resigned on 31 December 2024 and 3 March 2025 respectively), during the financial year ended 31 December 2024 are outlined below:

Programme Title	Date
Thomas Karl Rapp	
Navigating Recent Tax Changes in Malaysia: A Guide for Employers and Directors	31 January 2024
ICDM PowerTalk Series – Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape	11 March 2024
Model Risk Management for AI - Challenges and Opportunities	1 August 2024
Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024	11 September 2024
Audit Oversight Board Conversation with Audit Committees	19 November 2024
Datuk Edward Lee Ming Foo, JP	
ICDM PowerTalk Series – Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape	11 March 2024
Conflict of Interest (“COI”) and Governance of COI	10 July 2024
China from Middle Kingdom to World Power: What of the Future?	10 August 2024
Trump 2.0 and China’s Game Plan: Navigating Growth in a Turbulent World	16 August 2024
Cheah Yee Leng	
Conflict of Interest (“COI”) and Governance of COI	10 July 2024
Directors Conflict of Interests: How Company Secretary is to advise	18 July 2024
Model Risk Management for AI - Challenges and Opportunities	1 August 2024
Addressing Corporate Fraud, Dispute Resolution & Strengthening Corporate Governance Briefing	16 August 2024
Transaction with Related Party	4 September 2024
Task Force on Climate-Related Financial Disclosures (TCFD) and International Financial Reporting Standards (IFRS) S2	18 September 2024
Proposed Amendments to Labuan Business Activity Tax Act 1990 (LBATA)	1 October 2024
Enhance compliance through Malaysia’s Tax Corporate Governance Program	4 October 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Programme Title	Date
Datuk Simon Shim Kong Yip, JP	
The 41 st International Symposium on Economic Crimes of which Datuk Simon was one of the speakers	1 - 8 September 2024
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	
Sasana Symposium	12 & 13 June 2024
3 rd Malaysian Banking Conference 2024 : Banking in the Era of GenAI - Reshaping Banking, Innovating for the New Economy & Accelerating Sustainability	10 & 11 July 2024
Model Risk Management for AI - Challenges and Opportunities	1 August 2024
Preventing Fraud: The Board's Roles & Responsibilities	8 August 2024
Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024	11 September 2024
Tan Boon Peng	
CGS-CIMB 16 th Annual Malaysia Corporate Day	3 January 2024
Malaysian REIT Forum 2024	10 September 2024
Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024	11 September 2024
Wong Yoke Nyen	
BDS The First Simple Step into Behavioral Analysis to Accelerate Investment Decision Making	19 April 2024
Malaysia's Economic and Financial Growth: Insights & Analysis	4 September 2024

SUSTAINABILITY

The Board oversees the sustainability strategy of the Group. Sustainability Committee chaired by the Managing Director with participation of business division heads is to assist the Board to achieve the overall effectiveness and adequacy in the management of environmental, social and governance (“ESG”) issues in accordance to the Group sustainability framework. Sustainability Committee is responsible to oversee the progress on delivering the sustainability commitments and identify future sustainability-related risks and opportunities to the Group. The Sustainability Committee is also responsible to align the Group’s expectation and business strategy to the sustainability focus areas.

The Board reviewed and approved the ESG related key performance indicators (“ESG-related KPIs”) of the Group and the FY2025 work plan for compliance with regulatory and disclosure requirements. ESG-related KPIs are formulated to enhance accountability and to encourage continuous improvements. The ESG-related KPIs are linked to the remuneration of SMT as recommended by the MCCG.

The LRs of Bursa Securities have been amended to mandate all directors to attend the sustainability training under Mandatory Accreditation Programme Part II by 1 August 2025. As at 31 December 2024, all directors have attended the said training.

PROMOTING GOOD BUSINESS CONDUCT

A code of conduct has been put in place to foster an ethical culture and allow legitimate concerns to be raised in confidence without the risk of reprisal (“said Code”). The said Code is reviewed periodically by the Board and published on the Company’s website.

The Company has undertaken a group-wide integrity program with the view to instill the value and culture of good corporate behavior among its employees. As part of the said program, the Group has implemented its anti-bribery and corruption policy (“ABC Policy”) with which various adequate procedures were introduced pursuant to section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Amendment Act 2018”). This ABC policy, which is available on the Company’s website, is to deter and prevent acts of bribery and corruption among employees of and third parties dealing with the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PROMOTING GOOD BUSINESS CONDUCT (CONTINUED)

The Company has in place the standalone whistle-blowing policy to promote and maintain high transparency and accountability at the workplace, manage reports of improper conduct in an objective and timely manner, provide protection to the whistle-blower from unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions, provide a transparent and confidential process in dealing with any such whistle-blowing of improper conduct, protect the reputation of the Group and improve and maintain a healthy and productive culture (“Whistle-Blowing Policy”). Any party who believes or has reasonable grounds to believe that improper conduct has occurred or is occurring should report their concerns using the available reporting channels as stated in the Whistle-Blowing Policy. The whistle-blowers and/or their interests will not in any way be implicated or impaired whatever the outcome of the investigation is, so long as the reports have been made in good faith. The Whistle-Blowing Policy is published on the Company’s website.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group’s strategies and decision-making. The Group’s risk management and internal control framework covers not only financial controls but also operational, environmental and compliance controls as well as corporate liability as set out under section 17A of the MACC Amendment Act 2018. The risk management committee of the Group (“RMC”) assumes the risk management responsibility, building upon already established structures and mechanisms to implement the processes for identifying, evaluating, monitoring and reporting of risks as well as to take appropriate and timely corrective actions as required. The managing director assumes the role of chairman of the RMC while the chief executives or the business heads lead the risk management function of the various business units. An annual comprehensive risk management report and a half yearly update on salient changes to the key risk profile are tabled to the AC to facilitate timely assessment.

The Group has an in-house internal audit department (“IA”) which is independent of the activities or operations of other operating units in the Group. The IA provides the AC and the Board with assurance regarding the adequacy and integrity of the system of internal control. The IA adopts a risk-based approach and prepares its audit strategy and plan based on the respective risk profile of the business units of the Group. To discharge its functions independently and effectively, the IA has unfettered access to the Group’s records, properties and personnel and most importantly, a direct reporting line to the AC.

COMMUNICATION WITH STAKEHOLDERS

The Board believes in apprising the Company’s stakeholders of all material business events in a timely manner. In this connection, the Board ensures timely announcements of all material transactions to Bursa Securities, which are also made available on the Company’s website. The Company’s website contains recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations as well as copies of recent notices and minutes of general meetings. While the Company endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information, as well as the commercial sensitivity of certain information.

The Company also organizes quarterly briefings to various equity and research houses and corporate bankers upon the announcement of the Company’s quarterly financial results to keep them updated with the progress and development of business and prospects of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONDUCT OF GENERAL MEETING

The Board recognises the significance of the AGM as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded sufficient time to consider the proposed resolutions that will be discussed and decided upon at the AGM.

The notice convening the AGM in 2024 was issued 28 days prior to AGM ("2024 AGM"). This went above and beyond section 316(2) of Companies Act 2016 and paragraph 7.15 of LRs of Bursa Securities which call for a 21-days notice period.

The notice for the 2024 AGM outlined the proposed resolutions to be tabled during the meeting and was accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the 2024 AGM. Shareholders were provided the administration guide on how to register, appoint proxy, participate and vote remotely via remote participation and electronic voting facilities ("RPEV") together with the notice of 2024 AGM.

The 2024 AGM was conducted virtually through RPEV. All the non-executive directors participated the 2024 AGM via live streaming whilst the Chairman and executive directors as well as the chief financial officer and company secretary were present at broadcast venue.

The external auditors, Messrs Ernst & Young PLT, also attended the 2024 AGM to address queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

At the commencement of the 2024 AGM, the Chairman duly advised the shareholders that they were encouraged to submit their questions or queries using the messaging window facility throughout the 2024 AGM proceeding. The Chairman shared at the 2024 AGM questions submitted by Minority Shareholders Watch Group. The questions and the corresponding replies were also read out by the Chairman during the 2024 AGM. All resolutions were voted via electronic poll voting. The poll results were verified by the scrutineer, GovernAce Advisory & Solutions Sdn Bhd and the Chairman declared the resolutions duly passed. The poll results were also announced by the Company to Bursa Securities on the same day after the close of business.

Minutes of the 2024 AGM as well as questions and answers posted by the shareholders and proxies have been made available on the Company's website at www.hapseng.com.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

Mr. Wong Yoke Nyen	Independent Non-Executive Director – Chairman - <i>Appointed on 4 March 2025</i>
Mr. Thomas Karl Rapp	Independent Non-Executive Director
Datuk Simon Shim Kong Yip, JP	Non-Independent Non-Executive Director
Mr. Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Director – Chairman - <i>Resigned on 3 March 2025</i>

Terms of Reference of the Audit Committee

Duties and responsibilities of the Audit Committee are set out in its terms of reference which is published on the Company's website at www.hapseng.com.

Meetings

During the financial year ended 31 December 2024, five meetings were held during which all the Audit Committee members were present.

The executive directors, deputy finance director, group chief financial officer and general manager of group finance were invited to all Audit Committee meetings to facilitate direct communication and to provide clarification on financial and audit issues as well as updates on business or operations. The head of the internal audit attended all the quarterly Audit Committee meetings to table and brief the committee members on the internal audit reports.

Summary of Works of the Audit Committee

The works of the Audit Committee during the financial year ended 31 December 2024 are summarised below:

- Reviewed internal audit plan for the financial year to ensure adequate scope and comprehensive coverage which includes review of operational compliance with established control procedures, management efficiency, risk assessment and reliability of financial records.
- Received and reviewed a total of 24 internal audit reports presented by the internal auditors at the quarterly Audit Committee meetings covering the processes of the Group's business units and was satisfied with the recommendations and actions taken by the management in addressing the issues highlighted.
- Reviewed annual audit plans outlining audit materiality, audit scope, methodology and timing of audit, audit focus areas and proposed fees for the statutory audit services rendered by the external auditors and recommendation of their audit fees to the Board for approval.
- Discussed the annual audited financial statements of the Group with the external auditors and noted the salient features and key findings from the external auditors as well as to ensure that the audited financial statement was drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by the Malaysian Accounting Standards Board.
- Reviewed the annual audited financial statements for recommendation to the Board for approval.
- Noted the key audit matters highlighted by the external auditors as disclosed in the independent auditors' report.
- The Audit Committee held two meetings with the external auditors in the absence of the executive Board members and management representatives. During the meetings, the external auditors informed that they had received full co-operation from the management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the Audit Committee.

AUDIT COMMITTEE REPORT

- The external auditors also confirmed that during the audit process, they were not aware of any relationships or matters that, in their professional judgment, would impact their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA”).
- Reviewed the independence of the external auditors and have received written assurance from the external auditors confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA and IESBA.
- Reviewed the suitability of the external auditors and was satisfied with the suitability of the external auditors, Messrs Ernst & Young PLT in terms of the quality of audit, performance, competency and sufficiency of resources and recommended to the Board for the reappointment of Messrs Ernst & Young PLT as the external auditors of the Company for the next financial year.
- Reviewed the Group’s quarterly unaudited financial results prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting” and chapter 9 of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Listing Requirements”) prior to submission to the Board for consideration and approval where the chairman of the Audit Committee briefed the Board on the pertinent points and the recommendations of the Audit Committee.
- Reviewed and considered the disclosure of related party transactions in the financial statements and the recurrent related party transactions in the circular to shareholders to ensure that such transactions were undertaken on arm’s length basis, in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public.
- Reviewed and monitored all the conflict of interests situations (“COI”) involving Board and senior management team. This included assessing any transactions that raised concerns regarding management integrity as well as the measures taken to resolve, eliminate or mitigate such conflicts. The potential COI disclosures reported by Mr. Tan Boon Peng is disclosed on page 54 of this annual report. Mr. Tan Boon Peng has undertaken to abstain from deliberation and voting on matters related to this potential COI should it arise.
- Received and reviewed the comprehensive risk management report from the risk management committee of the Group and is satisfied with the assessment thereof.
- Reviewed and recommended to the Board the statement on risk management and internal control for approval and inclusion in the annual report.

Summary of Works of the Internal Audit Function

Summary of works of the internal audit function for the financial year ended 31 December 2024 is set out in the Statement on Risk Management and Internal Control on page 77 of this annual report.

NOMINATING COMMITTEE REPORT

Members of the Nominating Committee

Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	Independent Non-Executive Director – Chairman
Mr. Thomas Karl Rapp	Independent Non-Executive Director
Datuk Simon Shim Kong Yip, JP	Non-Independent Non-Executive Director

Terms of Reference of the Nominating Committee

Duties and responsibilities of the Nominating Committee are set out in its terms of reference which is published on the Company's website at www.hapseng.com.

Meetings

During the financial year ended 31 December 2024, three meetings were held during which all the Nominating Committee members were present.

Summary of Activities of the Nominating Committee

During the meetings held on 27 August 2024 and 21 November 2024, members of the Nominating Committee undertook the following for the financial year ended 31 December 2024:

- Reviewed and recommended the renewal of service contracts of the senior management team members for Board's approval.
- Reviewed the composition of the Board.

During the meeting held on 27 February 2025, members of the Nominating Committee undertook the following for the financial year ending 31 December 2025:

- Evaluated the performance and effectiveness of Board and Board Committees collectively, performance of each member through the self and peer-assessment, independence assessment of each independent director and reviewed the nature and extent of conflict of interests or potential conflict of interests of directors. Fit and proper assessment was also conducted for the retiring directors. Based on the results of board effectiveness evaluation, all the directors met the performance criteria required of an effective board.
- Reviewed the appointment of the chief executive of automotive division of the Group and recommended the same to the Board.
- Reviewed the succession planning of the Group.
- Reviewed and recommended to the Board on the appointment of Mr. Wong Yoke Nyen as chairman of Audit Committee in place of Mr. Leow Ming Fong @ Leow Min Fong.
- Reviewed and recommended to the Board on the appointment of Mr. Tan Boon Peng as member of Remuneration Committee in place of Mr. Leow Ming Fong @ Leow Min Fong.
- Evaluated the independence of each independent director taking into account both the quantitative and qualitative criteria and satisfied that all the independent directors meet the independence criteria prescribed by the Listing Requirements.
- Reviewed the term of office and performance of the Audit Committee and each of its members in compliance with Listing Requirements. The Nominating Committee was satisfied that the Audit Committee and its members had carried out their duties in accordance with their terms of reference.
- Reviewed the training needs of the directors in order to keep abreast with developments in the relevant industry to enhance their skills in a dynamic and complex business environment and with changes in the relevant statutory and regulatory requirements.
- Based on the fit and proper assessment of the following retiring directors, the Nominating Committee has recommended the following to the Board for approval. The Board (except for the retiring directors who have abstained) has recommended for the directors who are to retire in accordance with clause 116 of the Company's constitution to stand for re-election at the forthcoming annual general meeting ("AGM"):
 - (i) Datuk Simon Shim Kong Yip, JP (Non-Independent Non-Executive Director); and
 - (ii) Ms. Cheah Yee Leng (Executive Director).

REMUNERATION COMMITTEE REPORT

Members of the Remuneration Committee	
Mr. Thomas Karl Rapp	Independent Non-Executive Director - Chairman
Datuk Simon Shim Kong Yip, JP	Non-Independent Non-Executive Director
Mr. Tan Boon Peng	Independent Non-Executive Director - <i>Appointed on 4 March 2025</i>
Mr. Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Director - <i>Resigned on 3 March 2025</i>

Terms of Reference of the Remuneration Committee

Duties and responsibilities of the Remuneration Committee are set out in its terms of reference which is published on the Company's website at www.hapseng.com.

Meetings

During the financial year ended 31 December 2024, two meetings were held during which all the Remuneration Committee members were present.

Summary of Activities of the Remuneration Committee

- During the Remuneration Committee meeting held on 21 November 2024, the members of Remuneration Committee had reviewed and recommended to the Board, the executive directors and senior management team emoluments inclusive of benefits for the financial year ending 31 December 2025 and bonus for the financial year ended 31 December 2024. Such review was to ensure that the remuneration package of executive directors and senior management team remain attractive and in line with the remuneration policy and industry forecast for 2024/2025 for the average salary increment and bonus.
- During the Remuneration Committee meeting held on 27 February 2025, the Remuneration Committee reviewed the non-executive directors and Board Committees fees for the financial year ended 31 December 2024 ("Revised Fees"). The previous review was conducted on 24 February 2022 and approved by the shareholders at the AGM held on 26 May 2022. The Revised Fees are to commensurate with the time commitment required, responsibilities, duties and commitment contributed by non-executive directors. The Board recommended that the Revised Fees be tabled at the forthcoming AGM for shareholders' approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to ensure a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature of internal control of the Group during the financial year ended 31 December 2024 pursuant to paragraph 15.26(b) of the Listing Requirements. In making this statement, the Board is guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (“SRMICG”) which is issued by the Taskforce on Internal Control with the support and endorsement of the Exchange.

For the purposes of this statement, associates and joint venture are not dealt with as part of the Group, and therefore not covered by this statement.

BOARD’S RESPONSIBILITY

The Board recognises that a sound Enterprise Risk Management Framework and system of internal control are fundamental to good corporate governance and an effective risk management to assist the Group to achieve its optimal performance and profitability targets.

The Board acknowledges its responsibility for oversight the Group’s risk management and system of internal controls covering not only financial controls but also operational, environmental and compliance controls.

The risk management and system of internal control which involve every business unit and their respective key management, are designed to meet the Group’s needs and to manage the risks to which it is exposed.

The risk management and system of internal control, by their nature, can only provide reasonable but not absolute assurance against material loss, fraud or against the Group failing to achieve its objectives.

Towards this end, the Group has a formal approach towards identifying, evaluating, monitoring and managing the significant risks, including sustainability and climate-related risks, affecting the achievement of its business objectives.

The Audit Committee assists the Board in the reviewing process, however, the Board as a whole remains responsible for all the actions of the Audit Committee with regards to the execution of the delegated role.

RISK MANAGEMENT

The Group Risk Management Committee takes responsibility for Enterprise Risk Management Framework and policies, building upon already established structures and mechanism.

Members of the Group Risk Management Committee comprise the following:

two executive directors, one being the group managing director	chief executives of the respective business division
group chief operating officer	head of group internal audit
deputy group finance director	chief risk officer / senior manager overseeing the risk management function
chief financial officer	

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The group managing director assumes the role of chairman of the committee while the chief executives lead the risk management function of the various business units.

Responsibilities of the Group Risk Management Committee include inter-alia the following:

- To develop Enterprise Risk Management Framework and policies, which includes risk management strategies and risk tolerance level for the various business units within the Group;
- To develop methodologies to identify, evaluate, prioritise, address and report the various risks of the various business units, including sustainability and climate-related risks, within the Group;
- To periodically review the effectiveness of the existing risk management policies and methodologies and recommend changes thereto;
- To monitor and ensure the implementation and compliance of the risk management policies and methodologies across the Group;
- To review the key risk profile of the Group and ensure that all significant risks are managed effectively, including the evaluation and treatment of newly identified risk, review and monitor the implementation of action plans to mitigate the significant risks identified;
- To report risk exposures or risk management activities to the Audit Committee on a timely basis; and
- To promote risk awareness and/or facilitate training on risk management.

The Group Risk Management Committee together with the Group's management are responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as required. This is designed to be responsive to changes in the business environment and is communicated to the appropriate levels through existing reporting structures and processes of the Group.

Key risks, including sustainability and climate-related risks, that are critical to the Group's strategic objectives are identified and scored for likelihood of the risks occurring and the magnitude of the impact.

A database of strategic risks identified with appropriate controls has been created and the information filtered to produce a detailed risk register/scorecard. The risk profiles of the respective business units are updated every 6 months to reflect the prevailing operating conditions.

Risk assessment interviews have been conducted by the senior manager overseeing the risk management function with the chief executives and managers of the respective business units as part of the assessment of strategic risks affecting the Group.

The risks profile of the relevant business units has been tabled to the Group Risk Management Committee highlighting on the key risks, their causes and management action plans thereon.

The Group Risk Management Committee reports its activities and makes recommendations to both the Audit Committee and the Board. An annual comprehensive risk management report and a half yearly update on salient changes to the key risk profile are tabled to the Audit Committee to facilitate timely assessment.

Any major changes to risks or emerging significant risk of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the chairman of the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

The Board places emphasis on a sound system of internal control to facilitate the effective and efficient operation of the Group's businesses by enabling the Board and the management to respond appropriately to any significant business, operational, compliance and other risks in achieving the Group's objectives.

Nevertheless, the Board also recognises that the system of internal control can only reduce, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. As such, the Board reiterates that the system of internal control, by its nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives.

The key elements of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to the Board Committees and to operating units, including authorisation levels for all aspects of the business.
- Documented internal procedures and/or processes of individual business units, whenever applicable, which include processes to generate timely, relevant and reliable information and proper record keeping as well as compliances with applicable laws and regulations and internal policies for the conduct of business.
- Regular internal audit visits in accordance with the approved internal audit plan by Audit Committee which monitors compliance with procedures and assess the integrity of financial information.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators.
- A detailed budgeting process where operating units prepare budgets for the coming year to be approved by the Board.
- A monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to operating units by senior management whenever appropriate.
- Review of business processes to assess the effectiveness of internal controls by the internal audit department and the highlighting of significant risks impacting the Group by the head of internal audit to the Audit Committee. Annual internal audit plan is reviewed by the Audit Committee.
- In the presence of the executive directors and chief financial officer for the purpose of ascertaining the state of internal control and to obtain assurance of the internal control system as to its effectiveness and adequacies in all material aspects, the Audit Committee reviews and holds discussion on significant internal control issues identified in reports prepared by the internal audit department.
- Code of Conduct as set out in the Board Charter and the Employees' Handbook.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit department which is independent of the activities or operations of other operating units in the Group, which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

The head of internal audit department is a Certified Internal Auditor (“CIA”) and Chartered Member of The Institute of Internal Auditors Malaysia. He is assisted by a team of qualified personnel, including members of the Malaysian Institute of Accountants (“MIA”).

The internal audit functions of the department are carried out using a risk based, systematic and disciplined approach, guided by the standards recognised by these professional bodies.

The head of internal audit has direct access to the chairman of the Audit Committee and whenever deemed necessary, meets with the Audit Committee without the management being present.

The principal responsibility of the internal audit department is to undertake regular and systematic reviews of the system of internal controls, risk management and governance processes so as to provide reasonable assurance that such system operates satisfactorily and effectively within the Company and the Group and reports to the Audit Committee on a quarterly basis.

Internal audit strategy and a detailed annual internal audit plan are presented to the Audit Committee for approval. The internal audit function adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles of the business units of the Group.

Summary of the works of the internal audit function are as follows:

- Undertook internal audit based on the audit plan that had been reviewed and approved by the Audit Committee which includes the review of operational and environmental compliance with established internal control procedures, management efficiency, risk assessment and reliability of financial records as well as governance processes.
- Attended business review meetings held regularly by the Group’s senior management to keep abreast with the strategic and operational planning and development issues.
- Conducted investigations with regard to various specific areas of concern as directed by the Audit Committee and the management.
- Attended the meetings conducted by the Group Risk Management Committee.
- Assessment of key business risks at each business unit which were identified by risk analysis and continuous monitoring of control compliance through data extraction and analysis techniques.
- Issued internal audit reports to the Audit Committee on the major business units which encompassed identification and assessment of business risks.

Hafary Holdings Limited (“Hafary”), the Group’s 50.82% subsidiary listed on the Singapore Stock Exchange, outsources its internal audit function to a professional advisory firm, to carry out the review on the system of internal controls and key business processes of Hafary and its subsidiaries (“Hafary group”). The internal auditors of Hafary, who have unrestricted access to the Hafary group’s documents, records, properties and personnel, reports directly to Hafary’s audit committee.

The total costs incurred for the internal audit function by the Group in respect of the financial year ended 31 December 2024 was approximately RM2.86 million.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER RISKS AND CONTROL PROCESSES

Apart from risk assessment and internal audit, the Group has in place an organisational structure with defined lines of responsibility, delegation of authority and a process of hierarchical reporting and an Employees' Handbook which highlights policies on Group's objectives, terms and conditions of employment, remuneration, training and development, performance review, safety and misconduct across the Group's operations.

The Board is also supported by Board Committees with specific delegated responsibilities. These committees have the authority to examine all matters within their scope and responsibilities, as provided in the Board Charter, and report to the Board with their recommendations. (For more details on the various committees, please refer to pages 70 to 73 in this annual report).

The Audit Committee meets with the independent external auditors at least annually, without management being present, to discuss their remit and any issues or observations of the independent external auditors, recognising that such issues or observations will generally be limited to risks and controls related to the financial statements.

The Board is provided with financial information on a quarterly basis which includes key performance and risk indicators and amongst others, the monitoring of results against budget.

Assurance to the Board was given collectively by the executive directors and chief financial officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

CONCLUSION

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process, system of internal control and other processes put in place through its Board Committees were operating adequately and effectively in all material aspects to meet the Group's objectives for the year under review and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the annual report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2024, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ABOUT THIS SUSTAINABILITY STATEMENT

This sustainability statement describes the sustainability strategies, initiatives and values which underpinned our sustainability journey at Hap Seng Consolidated Berhad (Hap Seng or the Group), which align with our corporate vision of “Creating Value Together”.

REPORTING PERIOD AND SCOPE

This sustainability statement encompasses our sustainability-related performance for financial year (FY) 2024, commencing 1 January 2024 to 31 December 2024, from across our corporate headquarter in Kuala Lumpur to our six business divisions: Plantation, Property, Credit Financing, Automotive, Trading and Building Materials. The tiles business segment by Hafary Holdings Limited, which is a new segment operating under the Building Materials division has been included as part of the new reporting scope. Aside from that, we have also expanded our reporting to include data and information from all operating units within our operational control across Malaysia, Singapore, China, Indonesia and the United Kingdom.

Our Plantation division, Hap Seng Plantations Holdings Berhad (Hap Seng Plantations), a public listed entity, publishes its standalone Sustainability Report. The report and its full ESG disclosures can be found at: <https://www.hapsengplantations.com.my/sustainability-report.html>. Sustainability performance for Hafary Holdings Limited, a subsidiary of the Group listed on the Singapore Exchange Limited (SGX), can be found in its Annual Report, which is available at: https://www.hafary.com.sg/investor_relations_annual_reports. For the purpose of this sustainability statement, only key environmental, social and governance (ESG) performance of Hap Seng Plantations and Hafary will be disclosed to provide the overall Group ESG performance.

REPORTING FRAMEWORK

We have prepared our sustainability statement with reference to the following framework and standards:-

- i) Bursa Malaysia Securities Berhad's Main Market Listing Requirements,
- ii) Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition),
- iii) Global Reporting Initiative (GRI) Universal Standards 2021 and the sector standards, GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022,
- iv) International Financial Reporting Standards (IFRS) S1 & S2.
- v) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and Roundtable on Sustainable Palm Oil (RSPO) PalmGHG methodology for carbon emissions disclosure.

ASSURANCE

The data and information presented in this sustainability statement has not been internally reviewed by our internal auditor nor has it been assured by a third-party. The Group however is planning to have the sustainability statement internally reviewed by next year, with the goal of conducting qualified third-party assurance in the future.

This sustainability statement has been reviewed by our Annual Report Committee and presented to the Board of Directors prior to publishing.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Hap Seng Sustainability Journey

2017

- Conducted the first materiality assessment and identified 13 material sustainability matters.

2019

- Included Governance pillar under sustainability pillars.
- Adopted SDG 16.

2021

- Expanded the disclosure and coverage of ESG performance to align with GRI
- Incorporated essential ESG data and information of Plantation division.

2023

- Established the ESG-related key performance indicators (KPIs) for the Group.
- Linked the ESG KPIs to the remuneration of the senior management.
- Established the Group's GHG emissions baseline based on GHG Protocol.
- Quantified scope 3 (business travel) GHG emissions.
- Issued SLBs of up to RM1.25 billion.
- Reconducted materiality assessment and identified 14 material sustainability matters.

2018

- Adopted eight Sustainability Development Goals (SDGs) SDG 1, 4, 6, 8, 9, 11, 12 and 13.

2020

- Reconducted materiality assessment and identified 13 material sustainability matters.

2022

- Published the Group Sustainability Framework.
- Established the Group Sustainability Committee and Divisional Sustainability Working Committee.
- Realignment of material matters to the requirements from Bursa's Enhanced Sustainability Framework.
- Commenced quantification of scope 3 GHG emissions.
- Issued Sustainability-linked Bonds (SLBs) of up to RM1.1 billion as of December 2022.
- Reconducted materiality assessment and identified 15 material sustainability matters.

2024

- Disclosed the qualitative climate risks and opportunities assessment in accordance to the IFRS S2 requirements.
- Expanded scope of disclosure by incorporating Hafary and operations outside Malaysia.
- Issued SLBs of up to RM1.78 billion.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Key Sustainability Highlights in FY2024



GOVERNANCE

- Reporting **ESG-related KPIs** and linked the KPIs as part of remuneration of the senior management.
- Alignment to **IFRS S2 climate-related disclosure**.
- FTSE4Good ESG score remains at **2.8**.
- SPOTT ESG Policy Transparency Assessment score improved to **87.5%**.
- Rated **"A"** in MSCI ESG Rating.



ECONOMY

- **86.5%** average procurement and services spending on local suppliers.
- Supported **13 third-party fresh fruit bunches (FFB) suppliers** in their sustainability certification journey.



ENERGY

- Derived **71.5%** of energy requirement from renewable energy sources.
- Biogas plants generated **16.08 million kWh** of renewable electricity for plantation operations.
- Derived **2.44 million kWh** from solar energy for autohaus and Hafary operations with excess electricity sold to the grid.



WASTE

- **314,052 MT** of generated non-scheduled waste was recycled and reused.
- Avoided **196,634 tCO₂-e** of emission by diverting recyclable waste from landfill.
- Reduced **82,000 pieces** of paper parking ticket with the implementation of cashless parking system within the premises of Hap Seng.



GREENHOUSE GAS EMISSIONS

- **236,408 tCO₂-e** GHG emissions were sequestered from existing oil palm trees and conservation efforts.
- Installed **39 units of electric vehicle charger** at 10 of the Hap Seng Star's autohaus throughout Malaysia.
- Installed **2 units of electric vehicle charger** at Menara Hap Seng 2 in the collaboration with Shell Malaysia.



CORPORATE SOCIAL RESPONSIBILITIES

- Contributed more than **RM2.82 million** for education and community programmes that benefited more than **11,000 beneficiaries**.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ACHIEVEMENTS & RECOGNITIONS

Business Division	Achievement/ Recognition	Operating Unit
Plantation	Roundtable on Sustainable Palm Oil (RSPO) Certification	100% of oil mills 11 out of 14 estates
	Malaysian Sustainable Palm Oil (MSPO) Certification	100% of oil mills and estates
	International Sustainability & Carbon Certification (ISCC EU)	100% of oil mills
	Hazard Analysis and Critical Control Points (HACCP) Certification	100% of oil mills
	Makanan Selamat Tanggungjawab Industri (MeSTI) Certification	100% of oil mills
	HALAL Certification	100% of oil mills
	Zero Off Spec CPO by IOI Edible Oils	Tomanggong Palm Oil Mill
	Best Quantity CPO Supplier by IOI Edible Oils	Tomanggong Palm Oil Mill
	Absolute Scope 1 & 2 GHG Emissions	113,775.84 t CO ₂ -e
Property	Leadership in Energy and Environmental Design (LEED) Certified	Menara Hap Seng 3 Plaza Shell
	Green Building Index (GBI) Certified	Menara Hap Seng 2
	Green Real Estate (GreenRE) Certified	Mercedes-Benz Setia Alam Autohaus Mercedes-Benz Bukit Tinggi Autohaus
	FIABCI Malaysia Property Award 2024	Hyatt Centric Kota Kinabalu
	Asia Pacific Property Awards 2024: Gold - Hotel (Up to 300 rooms) Category	Hyatt Centric Kota Kinabalu
	Provisional GreenRE Certification	
	Bronze	Eko Perdana & Bandar Sri Perdana
	Gold	Retail Podium @ KL Midtown
	GreenRE Certification – Silver	Hyatt Centric Kota Kinabalu
	PAM Sabah Awards	
	Silver: Category 2 - Multiple Residential : Low-Rise	South Ville Apartment @ Bandar Sri Indah
Silver: Category 3 - Multiple Residential : High-Rise	Kingfisher Sandakan	

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Business Division	Achievement/ Recognition	Operating Unit	
Automotive	Environmental Management System (ISO 14001) Certified	Hap Seng Star Jalan Sultan Ismail	
	Quality Management Systems (ISO 9001) Certified	Hap Seng Star Kinrara Hap Seng Star Jalan Sultan Ismail Hap Seng Trucks Distribution Sdn Bhd	
	Mercedes-Benz Retail Partner of The Year Award 2024		
	Retail Partner of The Year - 1 st Runner-up	Hap Seng Star Kinrara	
	Retail Partner of The Year - 2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Best in Customer Service - 2 nd Runner-Up	Hap Seng Star Kinrara	
	Best in CSI (5 Star Rater) - Champion	Hap Seng Star Kinrara	
	Best in CSI (5 Star Rater) - 1 st Runner-up	Hap Seng Star Melaka	
	Best in CSI (5 Star Rater) - 2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Best in Financial Services - 2 nd Runner-up	Hap Seng Star Kinrara	
	Best in Business Excellence - 1 st Runner-up	Hap Seng Star Bukit Tinggi	
	Service Excellence Award 2024 - Champion League		
	Champion	Hap Seng Star Kinrara	
	1 st Runner-up	Hap Seng Star Melaka	
	2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Service Excellence Award 2024 - Super League		
	Champion	Hap Seng Star Kota Kinabalu	
	1 st Runner-up	Hap Seng Star Kuching	
	Building Materials	Brick certified by SIRIM and BOMBA for Integrity, Insulation, Strength and Hose Stream Test	Sin On Tiku Brick Factory
		Quality Management System (ISO 9001) certified	Hafary Pte Ltd
Occupational Health and Safety (OH&S) Management System (ISO 45001) certified		Hafary Pte Ltd	
Bizsafe Star Certification		Hafary Pte Ltd	
SIRIM Eco-Labelling Scheme		International Ceramic Manufacturing Hub Pte Ltd	
Singapore Green Labelling Scheme		International Ceramic Manufacturing Hub Pte Ltd	
The Edge Singapore Centurion Club Awards (Cyclical Consumer Products + Cyclical Consumer Services + Personal & Household Products & Services Sector) - Returns To Shareholders Over Three Years - Weighted Return On Equity Over Three Years - Overall Sector Winner		Hafary Holdings Limited	

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

EXTERNAL MEMBERSHIPS AND ASSOCIATIONS

Hap Seng is a member of various industry associations and trade groups. Through these associations, we regularly engage with key industry players, keeping us abreast with the latest industry developments and best practices.

As a member, Hap Seng regularly uses the opportunity to influence the value of good sustainability practices within the respective industry.

Division	Business Segments	Membership/Association
Corporate	-	Malaysian-German Chamber of Commerce (MGCC)
		Public Listed Companies Transformation (PLCT) Programme
Plantation	-	Roundtable on Sustainable Palm Oil (RSPO)
		Malaysian Palm Oil Association (MPOA)
		Malaysian Palm Oil Board (MPOB)
		Malayan Estate Owners' Association (MEOA)
Property	Property Development	Real Estate and Housing Developers' Association (REHDA) Malaysia
		Sabah Housing and Real Estate Developers' Association (SHAREDA)
		International Real Estate Federation (FIABCI) Malaysia
	Property Investment	Malaysian Palm Oil Board (MPOB)
		Construction Industry Development Board (CIDB)
Hospitality	Sabah Timber Industries Association	
Credit Financing	-	Malaysian Association of Hotels Owner (MAHO)
		Asset Financing and Leasing Association of Malaysia (AFLAM)
Automotive	Passenger	Association of Hire Purchase Companies Malaysia (AHPKM)
		Malaysian Retail Chain Association (MRCA)
		Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI)
	Commercial	Malaysian Automotive Association (MAA)
		Association of Malaysian Hauliers (AMH)
Trading	Fertilizer Trading	Malaysian Automotive Association (MAA)
	General Trading	Zero Emission Vehicles Association (ZEVA)
	Quarry	Fertilizer Industry Association of Malaysia (FIAM)
Building Materials	Hafary	Master Builders Association Malaysia (MBAM)
		Sabah Quarry Association
		Singapore Business Federation
		Singapore Renovation Contractors and Materials Suppliers Association

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

OUR RESPONSIBILITY TOWARDS SUSTAINABLE DEVELOPMENT

Supporting the United Nations Sustainable Development Goals

In line with our dedication to the United Nations Sustainable Development Goals (SDGs), we have identified and embraced nine out of the 17 SDGs set forth by the United Nations. These SDGs have been strategically aligned with our potential for value creation by leveraging our operational nature and extensive network.

Our contribution in FY2024 under the respective SDGs are: -

- Provided 2,340 new employment opportunities.
- Provided financial services to 2,472 Small and Medium Enterprises (SMEs).



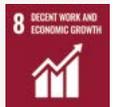
- Contributed RM2.82 million for education and development programmes.
- 4,028 students and teachers benefited from our education and development programmes.
- Sponsored 10 school leavers for the Advanced Modern Apprenticeship programme to develop qualified and competent automotive technicians.



- Use harvested rainwater as alternative water source at Plantation, Property and Automotive divisions.
- Supplying treated water for the employees and their family members in the plantation.
- Equipped toilet with water-efficient dual flush and automatic faucets to reduce water consumption.



- Supported local economy development by procuring 86.5% of supplies and services locally.
- Exercise non-discriminatory hiring practices.
- All employees undergo evaluation based on KPIs or an equivalent performance-based assessment.
- Averaged 8.41 training hours per employee.



- Eco-friendly fittings incorporated wherever possible in constructed properties.
- Renewable energy generation from biogas, biomass, biofuel and solar energy.
- Recorded zero data mismanagement within the reporting period.



- Certified for various industry and internationally recognised ESG and green building certifications (refer to Achievements & Recognitions section on page 82 to 83).
- Developed 2.630 million sq. ft. of certified green buildings as of FY2024.



- Implemented reuse and recycle measures to optimise resource consumption and waste generation.
- Recovered 314,052 MT of recyclable wastes through recycle and reuse.
- Achieved various industry and international quality certifications (refer to Achievements & Recognitions section on page 82 to 83).
- Continuous improvement through proactive customer satisfaction survey (refer to Quality Products & Services section on page 98 to 99).
- Implemented an Integrated Pest Management (IPM) approach to control pests in plantation.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

- Derived 71.5% of energy consumption from renewable energy.
- Conserved 1,402 hectares as High Conservation Value (HCV) area and 1,057 hectares of riparian reserve as of FY2024.
- Quantified scope 1, scope 2 and partial scope 3 greenhouse gas emissions.
- Carbon emissions reduction of 236,408 t CO₂-e through carbon sequestration from conservation area and oil palm plantings.
- Renewable energy from biogas was utilised in three out of four palm oil mills.
- Solar energy was utilised at seven locations under the Automotive division and Hafary.
- No reported incident of deforestation and fire within and surrounding the plantation.



- Zero corruption case reported.
- Continuous compliance to ESG requirements.
- Provided channels to report incidents or wrongdoing in the organisation.



Our Approach to Sustainability

To ensure alignment between the business priorities and sustainability performance, the Group has integrated ESG performance into the business divisional KPIs which is linked to the remuneration of employees. This approach incentivises management to focus on sustainability initiatives and address areas of improvement that are material to our businesses.

Below are the Group’s sustainability pillars, upon which we structure our approach and ESG-related KPIs to build a sustainable business.

Responsible Governance	Economic Resilience	Environmental Protection	People & Community Development
<p>Strong governance is needed to ensure the Group continues to operate in an ethical manner, thus fostering trust among out stakeholders.</p>	<p>Stable economic growth supports the development of the Group, contributing to long-term value creation for our stakeholders.</p>	<p>Limiting our environmental footprint is crucial for preserving natural resources for future generations and mitigating adverse impacts resulting from climate change.</p>	<p>Safeguarding a conducive workplace which retains and attracts talent that contribute to the achievements of our strategies and goals. We also contribute to the community outside the workplace through development programmes to alleviate socio-economic hardships within our surrounding communities.</p>

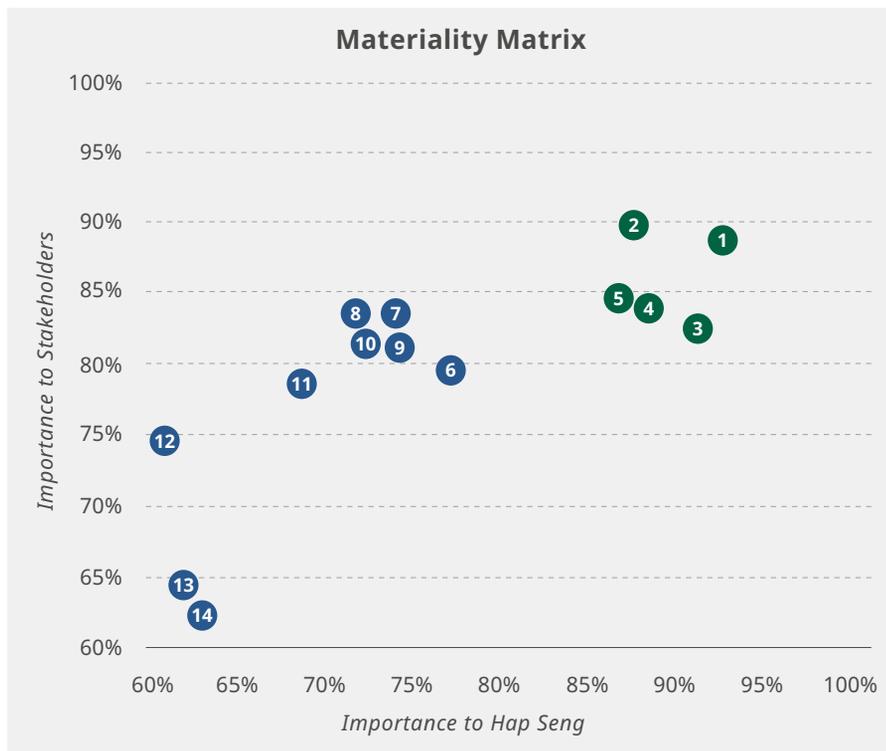
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

OUR MATERIAL SUSTAINABILITY MATTERS

A list of 14 material matters were identified in FY2024. The material matters were rated and deliberated by the Group Sustainability Committee, taking into consideration expectation from regulators, industry, stakeholders and latest local and global ESG requirements. The material matters are aligned to the latest Bursa Malaysia's Enhanced Sustainability Disclosure requirement on common sustainability matters. Outcome of the materiality assessment was presented to the board of directors.

Stakeholder Ranking	▶	Importance of Material Matter to Business Operations	▶	Importance of Material Matter to Stakeholders
Key stakeholder group was assigned a ranking based on priority to the Group.		A ranking was assigned to each material matter in accordance with its importance for the continuity and strengthening of business performance and operations.		Material matter was ranked based on importance to a selected stakeholder group. Ranking on stakeholders' material matters are based on our regular correspondence and understanding on them.



Most Important Material Matters

- 1 Economic Performance
- 2 Corporate Governance, Transparency and Anti-corruption
- 3 Data Privacy and Security
- 4 Health and Safety
- 5 Quality Products & Services

Other Important to Moderately Important Material Matters

- 6 Labour Practices and Standards
- 7 Emissions Management
- 8 Supply Chain Management
- 9 Energy Management
- 10 Waste Management
- 11 Water Management
- 12 Supporting Small & Medium Enterprises
- 13 Community/ Society
- 14 Diversity

Changes in FY2024 materiality assessment:

- Material matters such as health and safety, labour practices and standards, emissions management and supporting small and medium enterprises were repositioned to a higher level of importance compared to last year.
- The level of importance for corporate governance, transparency and anti-corruption, data privacy and security, energy management, waste management and water management remain unchanged.
- The importance of quality products & services, supply chain management and community/ society were rated lower than the previous year.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

DESCRIPTION OF OUR MATERIAL MATTERS

Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Economic Performance	Consistent and strong economic growth will create long-term value to the company and stakeholders.	<ul style="list-style-type: none"> Limited local economic development and low employment rate. 	<ul style="list-style-type: none"> Contribute to economic development and provide employment opportunity. 		<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Shareholders, investors and analysts.
Corporate Governance, Transparency and Anti-corruption	Robust governance structure and good business ethics will strengthen reputation long-term value creation.	<ul style="list-style-type: none"> Increased cost from non-compliance and losing brand reputation. 	<ul style="list-style-type: none"> Improve stakeholders' confidence by demonstrating ability to meet ESG requirements. 	 	<ul style="list-style-type: none"> Regulators and government bodies. Shareholders, investors and analysts. Customers.
Data Privacy and Security	We uphold stringent data protection practices to ensure confidential data is kept securely and not misused in any way.	<ul style="list-style-type: none"> Leaking of confidential and personal data can be reputationally and financially detrimental. 	<ul style="list-style-type: none"> Improved stakeholders' confidence. 		<ul style="list-style-type: none"> Employees. Regulators and government bodies. Suppliers. Customers.
Health & Safety	Ensuring a healthy and safe working environment and optimal productive workforce.	<ul style="list-style-type: none"> Poor health and safety practices would lead to operational inefficiency and legal non-compliance. 	<ul style="list-style-type: none"> Improved working environment, productivity and regulatory compliance. 		<ul style="list-style-type: none"> Employees. Regulators and government bodies. Media.
Quality Products & Services	Continuous improvement in products quality and services will ensure the business remains relevant to the market.	<ul style="list-style-type: none"> Diminishing brand value and reputation. 	<ul style="list-style-type: none"> Competitive advantage through improved products and services. 	 	<ul style="list-style-type: none"> Employees. Customers. Shareholders, investors and analysts. Media.
Labour Practices and Standards	Well managed, effective and functional workforce are important for continuous business development.	<ul style="list-style-type: none"> Under motivated and incompetent workforce may limit the organisation's growth. 	<ul style="list-style-type: none"> Effective and skilled workforce increase competitive advantage and continuous innovation. 	 	<ul style="list-style-type: none"> Employees.

SUSTAINABILITY AT HAP SENG GROUP
CREATING VALUE FOR ALL

Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Emissions Management	Supporting the global climate agenda by mitigating climate change through best operational practices and low carbon operations.	<ul style="list-style-type: none"> Delayed transition to low-carbon operations could result in missed opportunities in the low-carbon economy. 	<ul style="list-style-type: none"> Contributing to the global climate agenda. Improved competitive advantage by capturing opportunities in low-carbon economy. 		<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Suppliers. Customers. Shareholders, investors and analysts. Media.
Supply Chain Management	Reliable and consistent supply chain will ensure seamless raw materials procurement and product distribution.	<ul style="list-style-type: none"> Disruption in supply chain may increase cost of production. 	<ul style="list-style-type: none"> Well managed supply chain ensures sustainable business growth. 		<ul style="list-style-type: none"> Suppliers. Customers.
Energy Management	Adoption of renewable energy and efficient energy management enable businesses to operate at higher capacity while minimising the operational and environmental costs.	<ul style="list-style-type: none"> Increasing stakeholder's requirements on energy efficient products and services. 	<ul style="list-style-type: none"> Enable businesses to operate at higher efficiency, reducing cost of operation and minimising impacts to environment. 	  	<ul style="list-style-type: none"> Employees. Customers. Shareholders, investors and analysts.
Waste Management	Efficient waste management leads to long-term sustainable growth and maximising resources use efficiency.	<ul style="list-style-type: none"> Irresponsible production may lead to negative environmental impact and potential legal non-compliances. 	<ul style="list-style-type: none"> Minimising direct environmental impact and expenses on waste management. 	  	<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Media.
Water Management	Proper water management reduces operational costs, mitigates risks, and protects the environment.	<ul style="list-style-type: none"> Inefficient water management may lead to scarcity, higher costs, fines, and negative environmental impacts. 	<ul style="list-style-type: none"> Efficient water resources management can reduce operating costs. 	 	<ul style="list-style-type: none"> Communities. Regulators and government bodies. Media.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Supporting Small & Medium Enterprises	Provide opportunity for SMEs to grow their businesses through financing products and services, consequently supporting the local economy.	<ul style="list-style-type: none"> Inadequate support to SMEs may limit businesses growth opportunity. 	<ul style="list-style-type: none"> SME contributing significantly to the Malaysia's Gross Domestic Product (GDP). 		<ul style="list-style-type: none"> Regulators and government bodies. Customers.
Community/ Society	Value creation to local communities through our Corporate Social Responsibility (CSR) and educational programmes.	<ul style="list-style-type: none"> Deprived local community may negatively impact the overall economic development. 	<ul style="list-style-type: none"> Empowered community will directly elevate socio-economy and business opportunities. 	   	<ul style="list-style-type: none"> Communities. Media.
Diversity	Diversity brings together people from different backgrounds, experiences and perspectives, leading to innovation, better problem-solving and a stronger company culture.	<ul style="list-style-type: none"> Lack of diversity may result in reduced innovation, discrimination, and affect company reputation. 	<ul style="list-style-type: none"> Ability to foster a more inclusive culture and customer loyalty through better understanding of diverse customer needs. 		<ul style="list-style-type: none"> Employees.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

STAKEHOLDER ENGAGEMENT

At Hap Seng, we engage with our key stakeholders to ensure that our approach in addressing relevant sustainability matters takes into account their concerns and expectations. The table below covers the list of stakeholder groups, our engagement methods, and the way we respond to the identified material matters.

Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Material Matters	Our Response
Employees	<ul style="list-style-type: none"> Employees' intranet Internal emails Annual performance appraisal Training Internal meetings Interviews 	Ongoing, Annually	<ul style="list-style-type: none"> Corporate governance and transparency Occupational health and safety Talent management 	<ul style="list-style-type: none"> Continuous feedback and rectification through grievance and whistleblowing channels. Regularly provide updates on health and safety preventive measures. Career development, attractive remuneration and benefits package.
Communities	<ul style="list-style-type: none"> Community engagement sessions and community programmes Corporate website and social media 	Ongoing, Annually	<ul style="list-style-type: none"> Climate change Environmental stewardship Empowering local communities 	<ul style="list-style-type: none"> Organising programmes to uplift socio-economy of communities. Minimising potential impact to the communities through resources use efficiency and pollution prevention measures. Regular engagement and socialisation with local communities. Respecting Free, Prior and Informed Consent (FPIC) on new development involving community land rights.
Regulators	<ul style="list-style-type: none"> Regular compliance reporting Participating in government led initiatives Continuous engagement 	Ongoing	<ul style="list-style-type: none"> Corporate governance and transparency Occupational health and safety Environmental stewardship 	<ul style="list-style-type: none"> Establishing and implementing robust corporate governance across the Group. Adhering to the Anti-bribery & Corruption Policy. Adopting health and safety management system and preventive measures to minimise potential workplace accident. Regular monitoring on environmental and social compliance.
Suppliers	<ul style="list-style-type: none"> Tender process and supplier feedback mechanism Regular communication 	Ongoing	<ul style="list-style-type: none"> Supply chain management Supporting SMEs 	<ul style="list-style-type: none"> Practised equal business opportunity through tendering process. Procure from responsible and sustainable suppliers to minimise supply chain disruption. Supporting SMEs' growth by providing optimal financial solutions.
Customers	<ul style="list-style-type: none"> Customer networking event Customer satisfaction survey Online feedback 	Ongoing	<ul style="list-style-type: none"> Data protection Products quality and services Supply chain management 	<ul style="list-style-type: none"> Proactively request feedback from customers through customer satisfaction survey. Strengthening internal cybersecurity and data management system to safeguard customer's data. Timely product and service delivery to customer.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Material Matters	Our Response
Investors	<ul style="list-style-type: none"> Annual General Meeting Investor engagement sessions Regular communication 	Ongoing, Quarterly	<ul style="list-style-type: none"> Corporate governance and transparency Economic performance 	<ul style="list-style-type: none"> Annual General Meeting is organised every year to update shareholders, investors and analysts on the Group's performance and strategy. Analyst briefings are conducted quarterly or as and when required to discuss financial performance of the Group. Press release is published as and when required to communicate latest business developments.
Media	<ul style="list-style-type: none"> Press release Information on the company's websites 	Ongoing	<ul style="list-style-type: none"> Corporate governance and transparency Economic performance 	<ul style="list-style-type: none"> Direct engagement to communicate latest and upcoming developments from the Group.

OUR ACHIEVEMENTS AND TARGETS

Our ESG-related KPIs were developed based on industry priorities and identification of our internal strength and potential value creation with the business divisions. The ESG-related KPIs were deliberated in the Group Sustainability Committee and approved by the Board. The Group has linked the identified ESG-related KPIs to the overall remuneration of the senior management.

Material Matter	ESG-related KPI	Performance	Remarks
Responsible Governance			
Data Privacy and Security	Zero substantiated breach of customer privacy and losses of customer data	Achieved No breach was reported	To maintain.
Economic Resilience			
Economic Performance	Providing returns to shareholders with not less than 50% dividend payout rate	Achieved Dividend payout rate: 77%	To maintain.
Quality Products & Services	Maintaining Customer Satisfaction Index scoring of more than 75% for Property Development (West Malaysia) and Automotive (Passenger Vehicles)	Achieved 79.0%: Property Development 98.0%: Passenger Vehicles	To maintain.
	Maintaining Tenant Satisfaction Index scoring of more than 80% (Property division)	Achieved Averaged score of 85.3% (Menara Hap Seng 1, 2, 3 and Plaza Shell)	To maintain.
	All new investment properties developed from 2025 onwards are certified with recognised green building certification	Future commitment	To disclose performance in FY2025.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Material Matter	ESG-related KPI	Performance	Remarks
Economic Resilience (cont'd)			
Supply Chain Management	Supporting local economy by maintaining more than 60% procurement and services from local suppliers	Achieved Local Suppliers: 86.5%	To maintain.
	Performing ESG due diligence on all new and existing suppliers by 2024	Not achieved	Will be implemented in FY2025.
	Maintaining 100% traceability to the oil palm supply chain	Achieved FFB sources are fully traceable to the 13 supplying smallholders.	To maintain.
Supporting Small & Medium Enterprises	Supporting the growth of SMEs by providing more than 70% of our credit financing services to SME customers	Achieved 78.0% customers are operating SME businesses.	To maintain.
Environmental Management			
Emissions Management	Continuous reduction of scope 1 and scope 2 GHG emissions (intensity or absolute) from baseline year 2023	Achieved Emission Intensity (t CO ₂ -e/ RM'million Revenue): -4.0% Absolute Emission (t CO ₂ -e): +9.1%	Refer to page 108 for details on GHG emissions.
Energy Management	Continuous reduction in energy use (intensity or absolute) through efficient energy management	Achieved Energy Intensity (MJ/ RM'million Revenue): -5.6% Absolute Energy (MJ): +7.5%	Refer to page 113 for details on energy consumption.
	Maintaining more than 31% share of renewable energy by 2025 as per Malaysia's target	Achieved Overall, 71.5% energy consumption derived from renewable energy.	To maintain.
Water Management	Continuous reduction of water usage (intensity or absolute) from baseline year 2023	Achieved Water Consumption Intensity (m ³ / RM'million Revenue): -0.8% Absolute Water Consumption (m ³): +13.0%	Refer to page 116 to 118 for details on water consumption.
People and Community Development			
Health & Safety	Maintaining zero workplace-related fatality and high-consequence injury	Not achieved One fatality case recorded in Plantation division. One high consequence injury case recorded in Building Materials division.	Refer to page 126 for details on immediate actions taken to improve workplace safety.
Labour Practices and Standards	Zero substantiated discrimination and harassment case at workplace	Achieved Zero case reported.	To maintain.

RESPONSIBLE GOVERNANCE

Align to SDG:



Our Approach

The Board leads the Group, overseeing its management, objectives, and initiatives, including those of the Group Sustainability Committee. Both the Board and Hap Seng’s management are dedicated to upholding robust corporate governance and business ethics. Details regarding the Board’s duties and responsibilities are outlined in the Board Charter which is accessible on our corporate website, the Annual Report (page 62) and the Corporate Governance Report.

CORPORATE GOVERNANCE, TRANSPARENCY AND ANTI-CORRUPTION

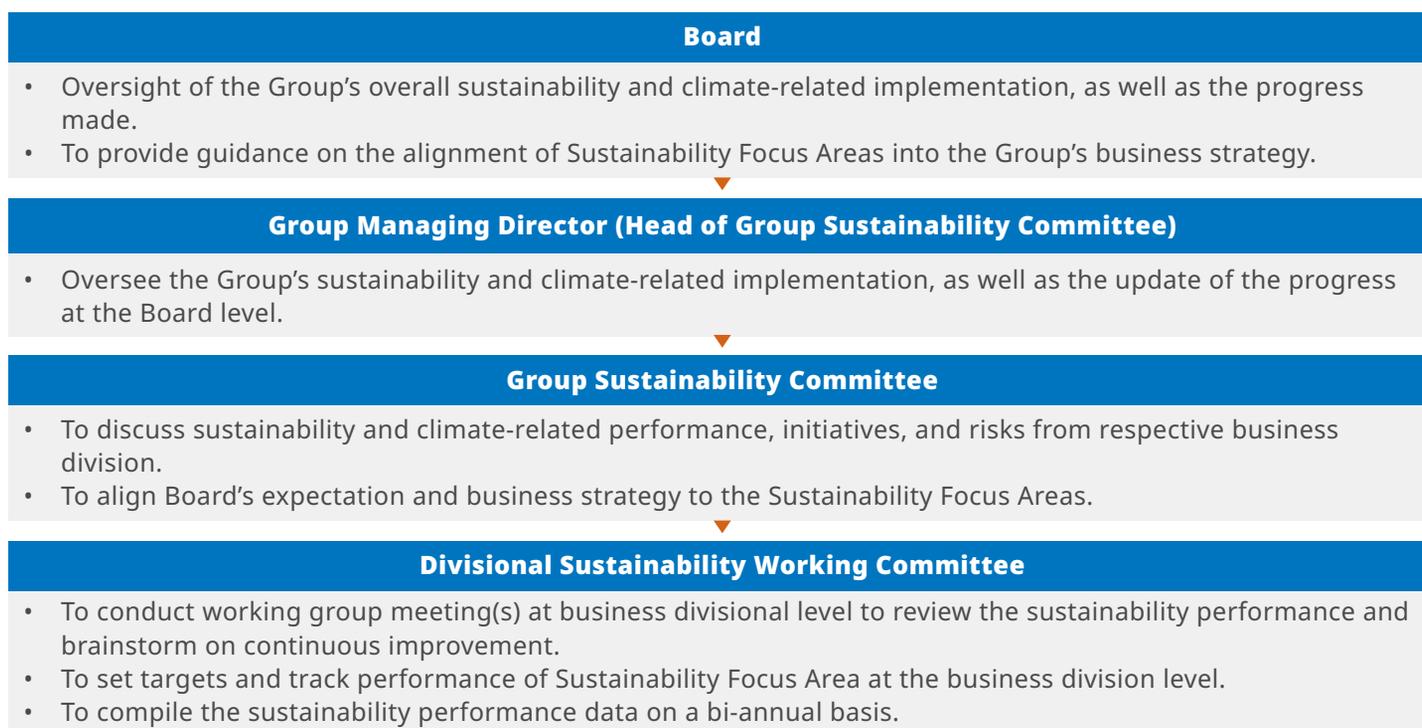
Sustainability Governance

The Group has developed a Group Sustainability Framework that outlines the Group’s sustainability governance, commitments, and strategy, serving as a guide for all business divisions in addressing sustainability and potential climate-related risks and opportunities. The sustainability governance structure is laid out in the diagram below.

The Corporate Planning & Investor Relations Department (CPIR) manages and coordinates the sustainability activities within the Group and continuously engages with relevant internal and external stakeholders on the Group’s sustainability and climate-related matters.

The Group Sustainability Committee and the Divisional Sustainability Working Committee meeting will convene at least once annually, with biannual updates provided to the Board.

Group Sustainability Committee Structure and Responsibilities



¹ https://www.hapseng.com.my/en/download/termsofreference/HSCB_Sustainability_Framework.pdf

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

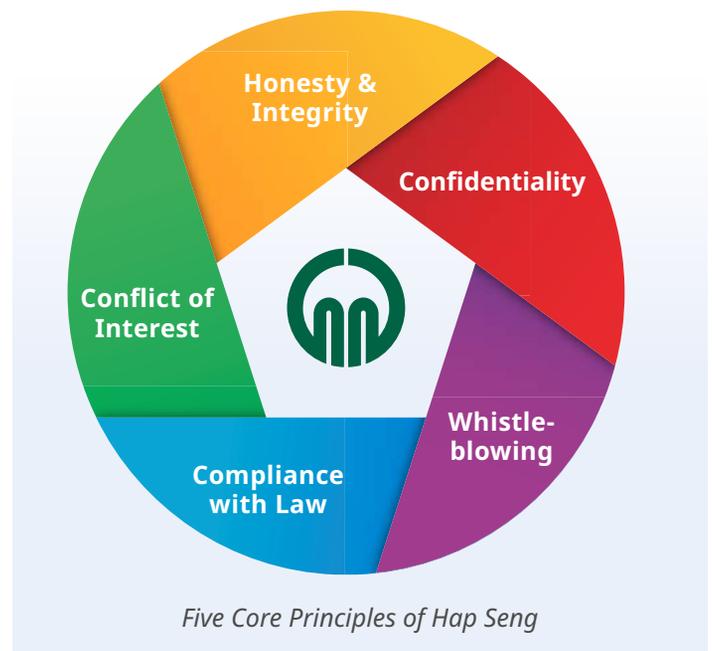
As the Group transitions to a more structured approach in sustainability management, it has implemented the following improvements recommended by the Group Sustainability Committee in FY2024:



Business Ethics and Policies

Hap Seng emphasizes business ethics and integrity through five core principles, integral to all employees' expected conduct. These principles are communicated during induction training and documented in the Employee Handbook and the Group's Code of Conduct, accessible via the employee intranet portal.

Hap Seng has a zero-tolerance policy towards bribery and corruption, as outlined in its Anti-Bribery and Corruption Policy (ABC Policy). Established in June 2020 and updated in November 2021, the policy aligns with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. All employees, business associates and external providers are required to sign an integrity declaration form affirming their adherence to the policy. External providers and business associates must also disclose any conflicts of interest.



Hap Seng established an Integrity Management Committee (IMC), to oversee the implementation of the ABC Policy. The IMC has introduced the Integrity Programme which includes policies, procedures, training and communication as well as monitoring and enforcement. Group Internal Audit conducts annual corruption risk assessments to ensure compliance with the ABC Policy. The FY2024 assessment identified a low corruption risk, with zero reported breaches or disciplinary actions against employees for non-compliance.

The Group conducted a comprehensive anti-bribery and anti-corruption training for employees as part of its anti-corruption programme. Subsequently, an Integrity Declaration process was implemented, mandating all the employees to make annual declaration to reaffirm their commitment to the ABC policy. New employees are also required to acknowledge their understanding of the ABC policy as part of the onboarding process. The policy is accessible on the Group's website for reference by internal and external stakeholders.

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Whistleblowing Channel

Hap Seng has established a whistleblowing channel for employees and third parties to report suspected ABC Policy violations. Incidents involving employees are reported to the Industrial and Employee Relations Manager, while those involving Board members and senior management are reported to the Senior Independent Director.

The identity of the whistleblower will be protected throughout the investigation process to prevent potential threats and retaliation. There were no reported cases through the whistleblowing channel in FY2024.

Regulatory Compliance

Hap Seng is committed to full compliance with relevant laws and regulations. We have an in-house Legal and Compliance Department that closely monitors changes in applicable laws and regulations, and implements necessary actions to meet those changes.

The main laws and regulations that we are adhering:

- Companies Act 2016
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Income Tax Act 1967
- Employment Act 1955 (Amendment) 2022
- Personal Data Protection Act 2010 (PDPA)
- Capital Markets and Service Act 2007
- Environmental Quality Act 1974
- Occupational Safety and Health (Amendment) Act 2022
- Factories and Machinery Act 1967
- Children and Young Persons (Employment) Act 1966
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Malaysian Anti-Corruption Commission (Amendment) Act 2018

The risk of legal non-compliance has been adequately identified and mitigated through our internal controls and risk management process. In FY2024, there were zero reported incidents of non-compliance or fines related to environmental, social, and governance-related laws.

The Group does not engage in any lobbying practice or make any political contribution.

Risk Management

The Risk Management Committee of Hap Seng is responsible for conducting annual risk assessment and ensuring that mitigation measures are effectively implemented for identified risks, including sustainability and climate-related risks.

Risks are categorised based on low, moderate, significant, and high net risk ratings. After the risk assessment is completed, the Group implements additional controls and procedures to effectively manage identified risks within acceptable risk tolerance levels. More information on Hap Seng's approach to risk management can be found on page 74 of this Annual Report.

In FY2024, we conducted a climate risk assessment to identify potential physical and transition climate risks across the business. The processes for identifying, assessing, and managing sustainability and climate-related risks are integrated into the Group's Enterprise Risk Management (ERM) framework. Sustainability and climate-related risks are prioritized alongside other key risks within the Group's overall risk management strategy.

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Data Privacy and Security

We strictly adhere to the requirements of the Personal Data Protection Act (PDPA) 2010 in managing customer data, supported by a clear policy governing its collection, storage, and usage.

The Group IT Department ensures cybersecurity through regular group-wide security assessments and phishing email tests to identify risks and vulnerabilities. Collaborating with a trusted security service provider enables comprehensive data monitoring and protection measures.

Access to customer personal data is restricted to authorized personnel within our operations. Annual reviews of user access to business systems across divisions are conducted by the Group IT Department to maintain security standards. Our commitment to data protection is strengthened by the Computer Access and Usage Policy, ensuring proper management of employee data.

Given the increasing reliance on technology, interconnected systems, and the rise of cyber threats, the Group has developed a cybersecurity protection plan to safeguard the company from potential cyber-attacks. Initial measures are implemented by the Group IT department include simulated phishing tests, cybersecurity awareness programmes and annual training sessions to enhance employee vigilance.

Cybersecurity Training	FY2022	FY2023	FY2024
Employees Participated	305	297	1,376
Total Training Hours	763	740	2,064

Note: This data excludes Hafary's operations outside of Malaysia

In the event of data breach, the Group IT Department shall promptly conducts a thorough investigation. Within 24 hours of the breach report, a risk assessment shall be initiated to gauge its impact on affected individuals and the Group. Remedial measures will then be developed to contain the breach and prevent further harm. Upon investigation completion, a report will be provided to the Chief Information Officer, outlining findings, causes, impact, and recommendations for strengthening the security system to prevent future incidents.

Throughout the year under review, the Group did not receive any substantiated complaints concerning breaches in customer privacy or data loss.

Customer Complaints on Privacy Breaches or Data Loss	FY2022	FY2023	FY2024
	0	0	0

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ECONOMIC RESILIENCE

Align to SDG:



Our Approach

Our Group's economic stability hinges not only on our operational success but also that of our business partners and stakeholders. Leveraging our size and reach, we aim to create positive impacts and opportunities throughout our value chain. Through long-term strategic planning, we enhance operational resilience while ensuring fair business opportunities and delivering top-quality products and services to meet stakeholder expectations.

ECONOMIC PERFORMANCE, QUALITY PRODUCTS & SERVICES, SUPPLY CHAIN MANAGEMENT

Economic Performance

Economic resilience forms the bedrock of our business culture and practice. It enables us to create value and make a positive impact to our stakeholders through dividend distributions, community service, and employment opportunities. By focusing on economic resilience, we are poised to drive sustainable growth for the Group and all our stakeholders. In FY2024, a total dividend of 20 sen per share for the year was declared and paid, representing a payout ratio of approximately 77%.

Investments in sustainability are an integral part of our Group's business strategy and value creation. To this end, we have issued Sustainability-linked Bonds (SLBs) of up to RM1.78 billion as of December 2024. These SLBs are aligned with the International Capital Market Association's Sustainability-linked Bond Principles, with a variable interest rate linked to the achievement of predetermined sustainability performance targets, such as reducing water and electricity consumption, increasing the use of solar energy, and implementing rainwater harvesting initiatives.

Quality Products & Services

In our Plantation division, we ensure compliance with palm oil buyers' requirements by sourcing responsibly and sustainably. All our palm oil is fully traceable to its source, with 80.87% also RSPO certified. Our palm oil holds various food quality certifications like HACCP, MeSTI, and HALAL. It consistently meets or exceeds the industry's vital quality parameters, resulting in our Plantation division being awarded Zero Off Spec CPO and Highest Quantity CPO Supplier by one of our major buyers, IOI Edible Oils in FY2024. Two of our palm oil mills have been equipped with a chloride washing plant as part of our proactive effort to reduce potential traces of 3-monochloro-propanediol esters (3-MCPDE) in our palm oil, a type of contaminant commonly formed in heat-processed oil. Compliance with food safety requirements and certifications enables us to cater to the stringent requirements of global buyers.

The Property division is guided by internal standard operating procedures, designed to ensure consistent and efficient operations while upholding high standards of quality and service across all property management activities. Our customer satisfaction survey uses a 5-point scale, allowing both customers and tenants to rate their level of satisfaction. The survey includes a series of general questions that cover various aspects, such as cleanliness, landscaping, security, customer service, quality of project delivery, property features, and more. Complaints or feedback from customers are handled by assigned sales consultants or customer service officers according to timelines stated in the standard operating procedures.

Property Development			
Customer Satisfaction Index (%)	FY2022*	FY2023*	FY2024
	78	79	79

* Restated data. Refer to page 130 for details.

SUSTAINABILITY AT HAP SENG GROUP

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For our investment properties, we actively engage with tenants both in person and through online communication platforms, offering ongoing customer management support and conducting annual Tenant Satisfaction Surveys to gather feedback and ensuring that we consistently meet their needs. A tenant fit-out guide with specific green clauses that require the tenant to comply with during the renovation process is also provided to ensure alignment with our sustainability practices.

Property Investment			
Tenant Satisfaction Index (%)	FY2022	FY2023	FY2024
	85.7	84.8	85.3

Our Automotive division continues to focus on providing customers with end-to-end premium service experience, in both sales and aftersales. Several of our autohaus were also recognized as champions and runners-up in the Mercedes-Benz South East Asia II Service Excellence Award, highlighting Hap Seng Star's commitment to delivering exceptional sales and service experiences for its customers. Please refer to the Achievements & Recognitions section on page 82 to 83 for more information.

Automotive - Passenger Vehicle			
Customer Satisfaction Index (%)	FY2022	FY2023	FY2024
	97 to 100*	98.8	98.0

* A score range was reported in FY2022.

Supply Chain Management

Recent geopolitical developments, including rising trade tensions have further underscored the critical importance of resilient supply chain management and local sourcing. To an extent, Hap Seng mitigated the impact of global supply chain disruptions through its diverse range of businesses which strategically support internal synergies by supplying essential services and raw materials across different business divisions.

In Hap Seng, supplier selection is done through a transparent and impartial tendering process. Potential suppliers are evaluated based on a set of criteria to ensure they can deliver top-quality products and services that meet the demands of our customers. We hold our suppliers accountable to our ethical principles, as outlined in the Group Sustainability Framework, ABC Policy, relevant industry standards, and legal requirements. We target to implement responsible sourcing policy to enhance our supply chain resilience and sustainability in FY2025.

In FY2024, 86.5% of the Group's procurement expenditure was from local suppliers. The expenditures from Hap Seng Trucks Distribution and Hap Seng Fertilizers have been excluded from the calculation to provide a more accurate reflection of this indicator. Hap Seng Truck Distribution is the exclusive general distributor of Mercedes-Benz and FUSO commercial vehicles in Malaysia. It imports Completely Knocked Down kits from its principal, for assembly and distribution in Malaysia. Hap Seng Fertilizer supplies fertilizers primarily to oil palm plantations in Malaysia and Indonesia. Its fertilizer are sourced from foreign producers.

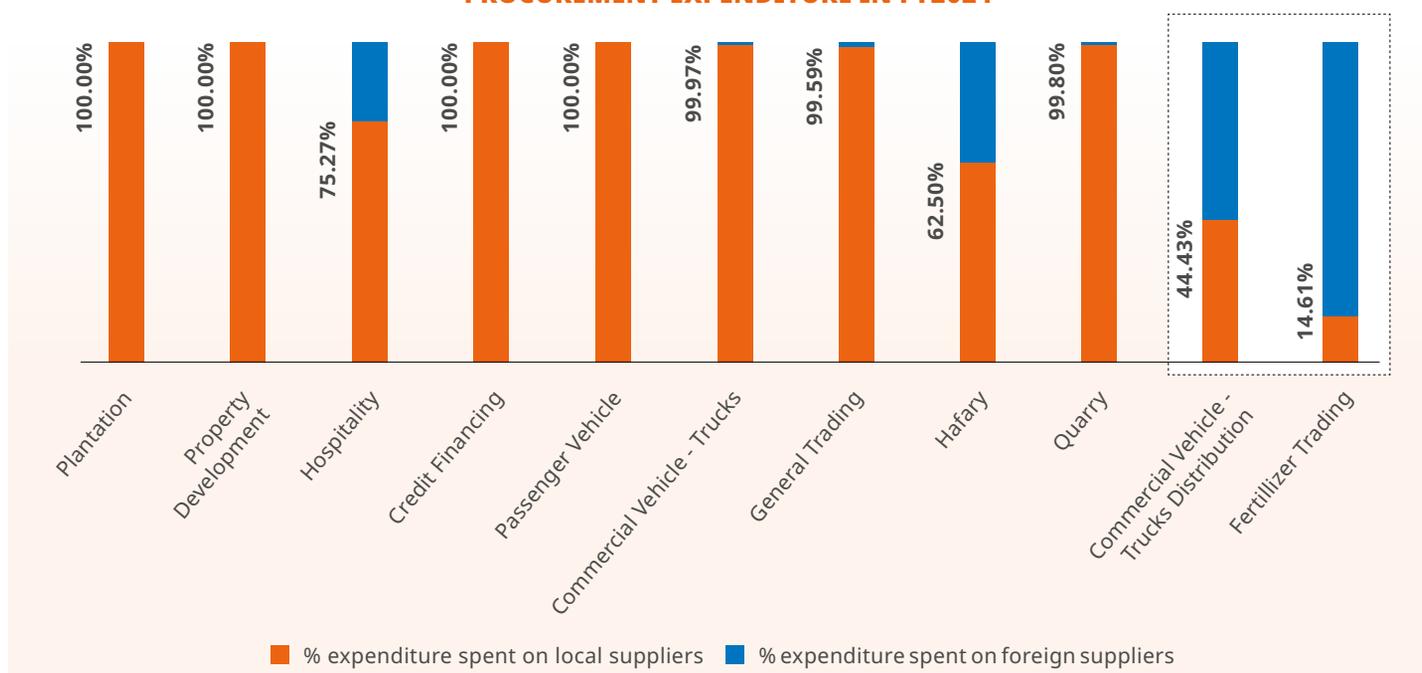
Procurement Expenditure Allocated to Local Companies (%)	FY2022	FY2023	FY2024*
	62.9	67.2	86.5

• Excluded expenditure data from trucks distribution and fertilizers trading.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PROCUREMENT EXPENDITURE IN FY2024



Supporting Small, Medium-sized Enterprises and Smallholders

Our success in maintaining a high proportion of SME customers in our Credit Financing division is a result of our commitment to providing tailored financing solutions that drive their business growth.

Proportion of SME Customer (%)	FY2022	FY2023	FY2024
	77.5	77.5	78.0

Our Plantation division supports 13 outgrowers and smallholders by promoting the adoption of sustainable practices through comprehensive training and technical assistance. This includes guidance on the sustainability certification and audit processes. We provide targeted training to enhance the skills of outgrowers and smallholders, equipping them with the knowledge needed to comply with sustainability certification. By actively assisting them throughout their certification journey, we ensure a consistent supply of sustainably sourced Fresh Fruit Bunches (FFB) for our mills. Close engagement with the outgrowers and smallholders also ensures our FFB are fully traceable from legal and sustainable sources. In FY2024, we sourced from 10 out of 13 certified outgrowers and smallholders, which exceeded our initial target of having 9 of our outgrowers and smallholders certified with either RSPO or MSPO certification. We will continue to engage the remaining outgrowers and smallholders and provide necessary support to expedite their sustainability certification process.

Certification Status of Outgrowers and Smallholders	
RSPO and MSPO certified	6
MSPO certified only	4
Total certified outgrowers and smallholders	10

SUSTAINABILITY AT HAP SENG GROUP

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ENVIRONMENTAL PROTECTION

Align to SDG:



Our Approach

As a natural resource-dependent Group, we prioritize environmental conservation and minimizing operational impact for sustainable growth. We aspire to transition to low environmental footprint operation through utilization of renewable energy, recycle and reuse. As a certified sustainable producer, our Plantation division commits to no deforestation and protects areas with high carbon stock (HCS) and high conservation value (HCV).

Emissions Management

Our carbon footprint is calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard to ensure consistent reporting and future comparability across different business divisions. Data for emissions generated was based on internationally recognised calculation tools i.e. 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines and local emission factors (where applicable). Emission from the grid electricity was based on the Grid Emission Factor published by the local Energy Commission or published sources. Global warming potential from CH₄, N₂O, and HFCs were converted into CO₂ equivalents from the IPCC Sixth Assessment Report (AR6).

The control approach is used to consolidate the GHG emissions where we fully account the GHG emissions from operations over which we have control. The reporting coverage includes business divisions operating in Malaysia, Singapore, China, Indonesia and the United Kingdom.

We measure our emissions in three scopes:

- Scope 1: Direct GHG emissions from sources that are owned, such as company-owned vehicles, machineries and generators.
- Scope 2: Indirect CO₂-e emissions from the generation of purchased electricity.
- Scope 3: Indirect CO₂-e emissions that occur outside the organization covering the following scope 3 emission categories:
 - i) Category 3 – Fuel and energy-related activities
 - ii) Category 5 – Waste generated in operations
 - iii) Category 6 – Business travel
 - iv) Category 7 – Employee commuting
 - v) Category 13 – Downstream leased assets

Biogenic emissions are reported separately from the scopes according to GHG Protocol which cover CO₂ emissions from biomass combustion, biofuel consumption and application of biomass as organic manure. Land use change emissions are derived from the RSPO PalmGHG calculation, which is currently the most reliable approach for quantifying these emissions.

We continue to improve the data quality and explore opportunity to reduce emissions through renewable or environmentally friendly energy options. We continue to monitor our emissions through ESG-related KPIs and build our capacity in other categories of scope 3 emission quantification.

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Climate-related Risks and Opportunity Assessment

In FY2024, we conducted our inaugural climate-related risks and opportunities assessment in accordance with IFRS S2 requirements. This initiative reflects our commitment to remain resilient and responsive to the evolving challenges posed by climate change. The output from this assessment will serve as a cornerstone for our ongoing efforts to integrate climate change management into our strategic decision-making and risk management.

IFRS S2 Climate-related Disclosures	Our Approach
Governance	We have established our Sustainability Framework and formed the Group Sustainability Committee to create value and address sustainability-related risks and opportunities including climate change. The Board is also updated with the sustainability-related and climate change implementation and progress biannually. Refer to page 94 for details on Hap Seng's sustainability governance structure.
Strategy	<p>In FY2024, we conducted a qualitative exercise to identify and assess the Group's climate-related transition and physical risks and opportunities. The key management team from our business divisions were engaged to understand how these risks and opportunities impact the business and operations, covering both organisation-wide and asset-level impacts.</p> <p>Hafary, a subsidiary of HSCB, has conducted its own climate risk assessment. Refer to Hafary's 2024 Annual Report on pages 37 to 39 for further details.</p>
Risk Management	Pages 103 to 106 provide a summary of identified transition and physical climate risks and opportunities, which risk ratings were assessed using our internal risk matrix, considering both likelihood and impact on a total of 153 premises, comprising 92 owned and 61 rented premises.
Metrics & Targets	<ul style="list-style-type: none"> • Absolute scope 1 and 2 GHG emissions from the business divisions in FY2024 valued at 179,821.26 tCO₂-e. The emission was higher than the targeted emission based on FY2023 at 164,806.80 tCO₂-e mainly due to the inclusion of emissions from Hafary. • Carbon emission from land use change was at 201,894 tCO₂-e, lower than FY2023 at 204,562 t CO₂-e (based on RSPO PalmGHG) due to the absence of land clearing activity for new planting in our Plantation division. • Carbon sequestered from conservation areas and oil palms was at 236,408.00 tCO₂-e, consistent with the previous year due to the unchanged planted area. • Biogenic emissions were at 163,972.71 tCO₂-e, lower than FY2023 at 210,627.48 tCO₂-e mainly due to the discontinuation of biomass Empty Fruit Bunch (EFB) incineration activity in the Plantation division and lower biodiesel consumption from quarry operations following rationalisation of its operations. • Quantified scope 3 emissions were at 30,949.67 tCO₂-e, higher than FY2023 at 26,092.90 tCO₂-e due to the addition of new emissions contribution from Hafary in FY2024.

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Physical Risks

A physical climate hazard screening was conducted based on the following timeframes, climate scenarios and climate hazards:



Climate Scenarios

RCP 8.5 (High Emissions Scenario):
Business-as-usual emissions, likely leading to warming of 4°C by 2100

RCP 2.6 (Low Emissions Scenario):
Aggressive mitigation efforts, aiming for warming below 2°C by 2100

Note: The two climate scenarios for physical risk screening are based on Intergovernmental Panel on Climate Change (IPCC) report.

Climate Hazards	Chronic climate hazards	Hazard definitions	Climate hazard tool
	Coastal flooding	Rising sea levels and higher incidence of extreme sea events, including sea water flooding due to high tides, low air pressure and waves, which can damage coastal assets.	Climate Central
	Extreme heat	In Malaysia, a heat wave is defined when the maximum daily temperature exceeds 37°C for three consecutive days.	Think Hazard
	Water stress	Water stress, the ratio of water demand to renewable supply, measures the competition over local water resources. The smaller the gap between supply and demand, the more vulnerable a place is to water shortages.	World Resources Institute's Water Risk Atlas

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Hazard	Location	RCP 8.5		RCP 2.6		Results	Impact to Business	Risk Treatment Response
		2030	2050	2030	2050			
Coastal flooding	Kota Kinabalu	■	■	■	■	1% of our premises may potentially be exposed to coastal flooding by 2050. 15% of our premises may potentially be exposed to coastal flooding by 2030 and 2050.	<ul style="list-style-type: none"> Damage to inventory and equipment. Increased cost for replacement or repair of damaged assets. Temporary disruption of access. Safety of our employees and local communities. Increased insurance costs. 	To mitigate this risk, we will implement measures such as flood insurance for our assets and establish flood response procedures for our business locations. If flooding becomes more frequent in the future, we may evaluate options such as relocating or other flood adaptation strategies such as improving drainage systems and installing flood gates.
	Kuching, Sepang, Lahad Datu	■	■	■	■			

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RISK LEVEL: ■ Low ■ Moderate ■ Significant

Hazard	Location	RCP 8.5		RCP 2.6		Results	Impact to Business	Risk Treatment Response
		2030	2050	2030	2050			
Coastal flooding	Lahad Datu	■	■	■	■	1% of our premises may potentially be exposed to coastal flooding by 2030 and 2050.	<ul style="list-style-type: none"> • Damage to inventory and equipment. • Increased cost for replacement or repair of damaged assets. • Temporary disruption of access. • Safety of our employees and local communities. • Increased insurance costs. 	To mitigate this risk, we will implement measures such as flood insurance for our assets and establish flood response procedures for our business locations. If flooding becomes more frequent in the future, we may evaluate options such as relocating or other flood adaption strategies such as improving drainage systems and installing flood gates.
	Other locations	■	■	■	■	83% of our premises are of low risk for coastal flooding by 2030 and 2050.	N/A	N/A
Extreme heat	Plantation asset locations	■	■	■	■	12% of our premises face a moderate risk from extreme heat by 2030 and 2050.	<ul style="list-style-type: none"> • Potential discomfort due to heat stress. • Reduced working efficiency of employees. • Higher electricity bills from use of air conditioners. 	To mitigate the risks of extreme heat, we will implement heat mitigation measures and consider incorporating heat-related measures into our health and safety SOPs.
	Other locations	■	■	■	■	88% of our premises are of low risk for extreme heat by 2030 and 2050.	N/A	N/A
Water stress	Oil palm mill locations	■	■	■	■	3% of our premises face a moderate risk of negative impacts from water stress by 2030 and 2050.	Impact on domestic water use requirement.	To address the risk of water stress, our measures include increase in water tank capacity, procurement of additional storage equipment where needed, regular inspection of water tank conditions, and implement water efficiency measures in the areas subject to water stress.
	Other locations	■	■	■	■	97% of our premises have low risk of negative impacts from water stress.	N/A	N/A

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Transition Risks

TIMEFRAMES: 2025 (SHORT TERM) → 2030 (MEDIUM TERM) → 2050 (LONG TERM)

Climate Scenarios

Stated Policies (STEPS) Scenario:

A business-as-usual approach. Global warming could rise by 2.4°C.

Net Zero Emission by 2050 (NZE) Scenario:

Aggressive mitigation action aimed at limiting global warming to 1.5°C

Note: The two climate scenarios for transition risk assessment are based on International Energy Agency (IEA) report.

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Risk Category	Risk Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Possible Mitigation Approach
Policy and Legal	Carbon tax	Medium term	■	■	Opex increase	To formulate GHG reduction targets and a climate transition plan.
	Energy Efficiency and Conservation Act (EECA)	Short to medium term	■	■	Capex and opex increase	The Group has established a target to ensure that all new investment properties developed from 2025 onwards achieve green building certification.
	Removal of RON 95 subsidy in Malaysia	Short to medium term	■	■	Opex increase	To consider reducing the travel expenses of the Group.
	Regulations on environmental compliance	Short term	■	■	Revenue decrease	Prevent expansion by developing unplanted land.
	EU's revised Renewable Energy Directive (RED II) on biodiesel	Short term	■	■	Revenue decrease	Maintaining relevant sustainability certifications for the mills and estates.
	Enhancing use of biodiesel	Medium term	■	■	Revenue decrease	Engaging with principal to supply energy efficient engines that are compatible with fuel requirements of the government.
	Transport policy for electric vehicles	Medium term	■	■	Revenue decrease	<ul style="list-style-type: none"> To consider engaging with government to support EV initiatives. To consider working with partners to accelerate affordable electric truck adoption in Malaysia. To provide charging solutions and subsidize EV charger.
	Climate risk in lending compliance	Medium term	■	■	Opex increase	To consider evaluating risks and exploring the integration of climate risk into our lending assessments.
Market	Logistics and transportation risks	Medium to long term	■	■	Opex increase	To evaluate the risks and may review prices to accommodate any future cost increases along the value chain.
	Impact on internal combustion engine vehicles due to shift to EVs	Long term	■	■	Revenue decrease	To consider capacity building for aftersales team to prepare for EV for passenger vehicles segment.
	Increased demand and cost to maintain a climate-responsive value chain	Short, medium to long term	■	■	Opex increase	To consider exploring and implementing opportunities such as installing EV chargers.
	Shifting customer demand	Long term	■	■	Revenue may increase and/or decrease	To consider exploring and implementing opportunities such as installing EV charging stations for tenants, offering low carbon products, and developing green certified buildings.

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RISK LEVEL: ■ Low ■ Moderate ■ Significant

Risk Category	Risk Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Possible Mitigation Approach
Technology	Obsolescence in technological innovations in EV	Long term	■	■	Revenue may increase and/or decrease	To consider offering vehicle financing solutions to address buyers' concerns about the vehicles' resale value.
Reputation	Stakeholders' sentiments	Medium to long term	■	■	Decrease in access to financing	<ul style="list-style-type: none"> To consider looking at measures to reduce GHG emissions. Property division is obtaining green building certification for our asset portfolio.

OPPORTUNITY LEVEL: ■ Low ■ Moderate ■ Significant

Opportunity Category	Opportunity Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Response
Energy Source	Green building	Short to medium term	■	■	Increase in capex and future costs saving	The Group has established a target of to ensure all future development of investment properties to be certified with green building certification.
	Renewable energy implementation	Short term	■	■	Increase in capex and future cost saving	The Automotive division has equipped autohaus with solar panels, while the Plantation division operates two biogas plants and is constructing an additional one.
Products and services	EV and infrastructure	Short to medium term	■	■	Revenue and Capex increase	<ul style="list-style-type: none"> To consider retrofitting or including EV infrastructure during the design and construction stage for our properties. Evaluating EV opportunities for the Automotive division.
	New market and sustainable product	Short to medium term	■	■	Increase in revenue	To consider investing in sustainable products and collaborating with our suppliers and customers.
Market	Sustainable finance	Medium term	■	■	Decrease in financing costs	To consider sustainable financing to be raised at the Group level.



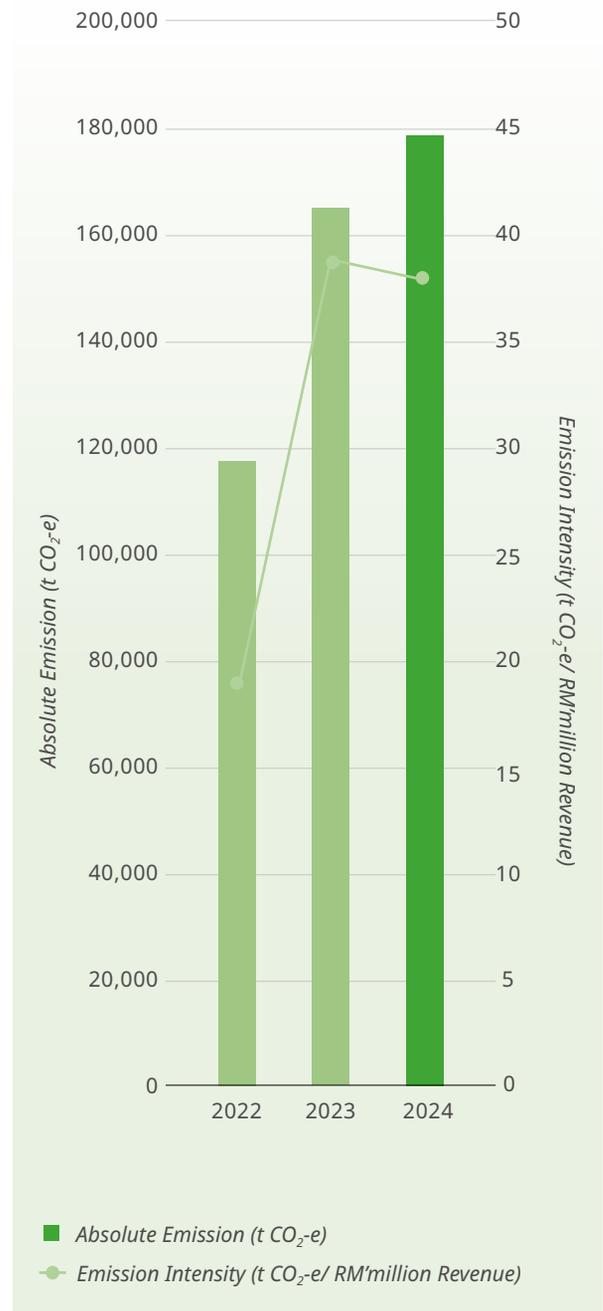
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Emissions Source	tCO ₂ eq		
	FY2022	FY2023*	FY2024
Scope 1 - Direct emissions	102,305.89	145,113.07	122,738.77
Scope 1: Mechanical	-	31,674.45	28,684.22
Fossil Fuel Combustion	-	31,085.75	28,092.15
Fugitive Emissions (Refrigerants)	-	588.70	592.07
Scope 1: Non-Mechanical	-	113,438.62	94,054.55
Fertiliser	-	42,376.50	28,671.42
POME Treatment	-	67,588.55	61,966.51
Land Application	-	0.00	0.00
Domestic Water Treatment	-	0.00	733.95
Biogenic Emissions (CH ₄ and N ₂ O)	-	3,473.57	2,682.67
Scope 2 - Indirect emissions	16,149.93	19,693.73	57,082.49
Purchased Electricity	16,149.93	19,693.73	57,082.49
Absolute Scope 1 & Scope 2 Emissions	118,455.81	164,806.80	179,821.26
Land Use Change (based on RSPO Palm GHG)	202,236.74	204,562.00	201,894.00
Carbon Sequestration	-190,915.37	-235,942.53	-236,408.00
Biogenic Emissions (CO₂)	-	210,627.48	163,972.71

Note: FY2022 breakdown unavailable as a different methodology was used.
* Restated data. Refer to page 130 for details.

ABSOLUTE EMISSION AND INTENSITY FY2022 - FY2024



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GHG Emissions by Emission Sources

The increase in the Group absolute GHG emission is mainly due to addition of new emissions contribution from Hafary operations in FY2024, which is currently the second largest GHG emission contributor among divisions. The increase was also attributed to the inclusion of overseas operations and enhancements in data collection in FY2024. The overall emission intensity as a Group was slightly reduced, mainly contributed by the lower emission intensity from Plantation division and fertilizer trading operations.

GHG emission intensity and absolute GHG emission by business divisions are as follows:

Business Division	GHG Consumption Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute GHG Emission (t CO ₂ -e)			FY'24 vs FY'23 (%)
	FY2022	FY2023*	FY2024			FY2022	FY2023*	FY2024	
Corporate Head Office	-	-	-	-	-	-	502.68	497.93	-0.94
Plantation	0.70	0.90	0.76	-15.89	t CO ₂ -e/ Sales Volume	88,721.48	133,057.35	113,775.84	-14.49
Property Investment	17.24	0.01	0.01	0.83	t CO ₂ -e/ Occupied Area	8,594.21	10,277.28	10,707.06	4.18
Credit Financing	0.67	1.25	1.46	17.57	t CO ₂ -e/ RM' million Revenue	150.67	277.55	261.09	-5.93
Automotive - Passenger	2.34	1.09	1.37	25.54	t CO ₂ -e/ Sales Volume	3,342.11	3,806.00	3,581.11	-5.91
Automotive - Commercial	1.05	1.16	1.60	38.48	t CO ₂ -e/ RM' million Revenue	358.11	364.05	322.75	-11.35
Trading - Fertilizer Trading	0.00041	0.00039	0.00036	-7.88	t CO ₂ -e/ Sales Volume	406.45	363.34	576.88	58.77
Trading - General Trading	0.51	0.29	0.66	128.85	t CO ₂ -e/ RM' million Revenue	242.05	141.04	291.90	106.96
Building Materials - Quarry	110.20	94.02	63.88	-32.06	t CO ₂ -e/ RM' million Revenue	16,640.74	16,017.51	8,430.46	-47.37
Building Materials - Hafary	-	-	46.30	-	t CO ₂ -e/ RM' million Revenue	-	-	41,376.25	-
Group Overall	19.62	37.81	36.30	-4.00	t CO ₂ -e/ RM' million Revenue	118,455.81	164,806.80	179,821.26	9.11

* Restated data. Refer to page 130 for details.

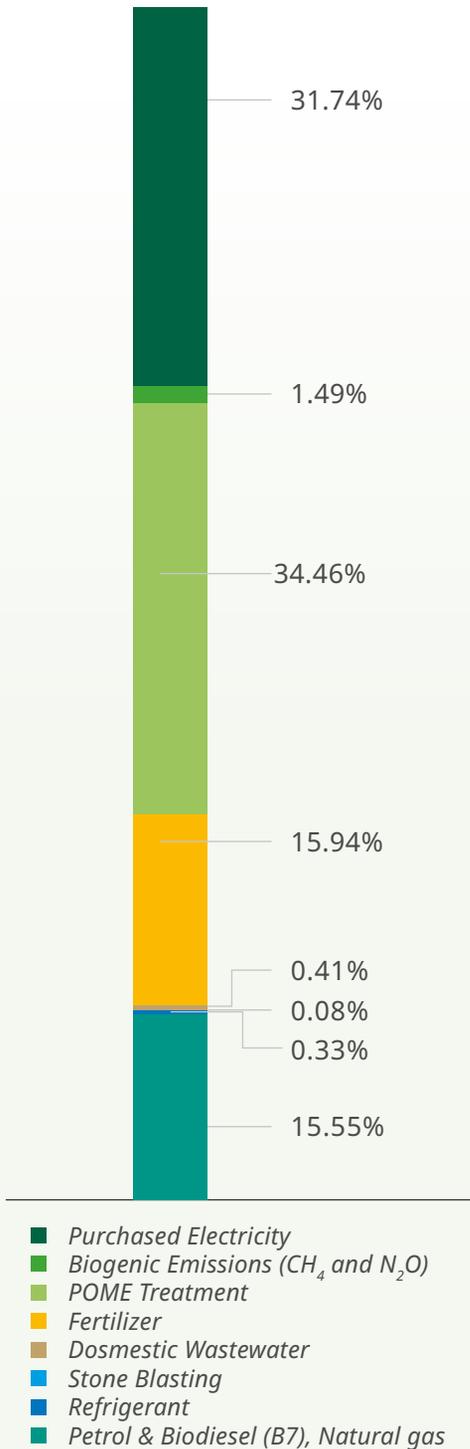
Plantation remains the highest emitter among the business division. Reduction in the emission as compared to the previous year was driven by the lower amount of nitrogen-based fertilizers application at the fields planned for near term replanting activity, as well as overall lower nutrient deficiencies identified through palm nutrient analysis. Biogenic emission was reduced due to discontinuation of EFB incineration process. The transition from raw EFB to fibremat is expected to improve transportation efficiency, reducing emission from fuel consumption.

Carbon Sequestration (tCO ₂ e)	FY2022	FY2023	FY2024
	190,915*	235,943	236,408

* Carbon offset from sequestration for FY2022 was based on RSPO PalmGHG.

SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

GHG EMISSIONS BY EMISSION SOURCES IN FY2024



Emissions from property investment operations increased mainly due to higher electricity consumption to cater for the increased tenant occupancy. There is opportunity to reduce the electricity consumption through utilisation of energy efficient lightings and equipment. Additionally, an energy audit is planned for FY2025 to identify further opportunities for optimizing energy consumption across the properties.

Reduction of GHG emissions in the Automotive division was attributed to the lower grid electricity consumption and mobile combustion. Higher renewable electricity generated from the solar panels installed at three of the autohaus contributed to the lower grid electricity consumption, as well as emission saving of 1,123.70 tCO₂e.

Significant emission reduction in the quarry operations was mainly attributed to the rationalisation of its operations in FY2024. The main sources of emission from Hafary operations were from electricity consumption and mobile combustion. Currently, four warehouses are equipped with solar panels to reduce reliance on grid electricity. In FY2024, the reduction in grid electricity consumption through the use of renewable energy resulted in an emissions saving of 397.68 tCO₂e. The management will continue to identify any future opportunity to equip more warehouses with the solar energy.

Efforts in reducing emissions in other business divisions relies on gradual transitioning to energy-efficient machinery and vehicles. We are exploring opportunities to install more solar panels at our properties to reduce our grid electricity consumption. We are expecting the commissioning of two additional solar facility for Automotive division and one additional solar facility for Hafary in FY2025. The Automotive division has also installed 39 electric vehicle chargers nationwide, offering complimentary charging to customers and promoting the transition to electric vehicles in the community.

We are currently quantifying five categories of scope 3 emissions. Given our diversified businesses, we recognise that fully quantifying scope 3 emissions is a complex and time-consuming process. Thus, we aim to disclose this data gradually as we strengthen our internal capacity and enhance data completeness and accuracy.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Scope 3 Emissions Category	Description	Data Quality*
Fuel and Energy-related Activities	<ul style="list-style-type: none"> Emissions from fuel usage encompassed emissions associated with extraction, refining and transportation of the raw fuel sources prior to combustion. Emissions from electricity usage is associated with transmission and distribution losses with purchased electricity. 	Fair
Waste Generated in Operations	<ul style="list-style-type: none"> Emissions from waste generated is calculated based on the disposal methods (either recycling, reuse or disposal to landfill) of various type of wastes generated from our operations. 	Fair
Employee Commuting	<ul style="list-style-type: none"> Emissions from employee commuting is calculated based on a group- wide survey sent to all the employees for their feedback on mode of transport and their distance workplace commuting distance (round trip) in FY2024. The calculation is based on the data from 43.5% of the total employees surveyed. The resulting emissions were subsequently extrapolated to the number of employees ending FY2024. Survey on employee commuting will be conducted in every two years interval. 	Fair
Business Travel	<ul style="list-style-type: none"> Business travel data was extracted from the group's internal business travel application system, which has been customized to capture distances travelled via different modes of transport requirement for the trip. 	Fair
Downstream Leased Assets	<ul style="list-style-type: none"> Emissions from indirect electricity usage from assets not operating by the Group. 	Fair

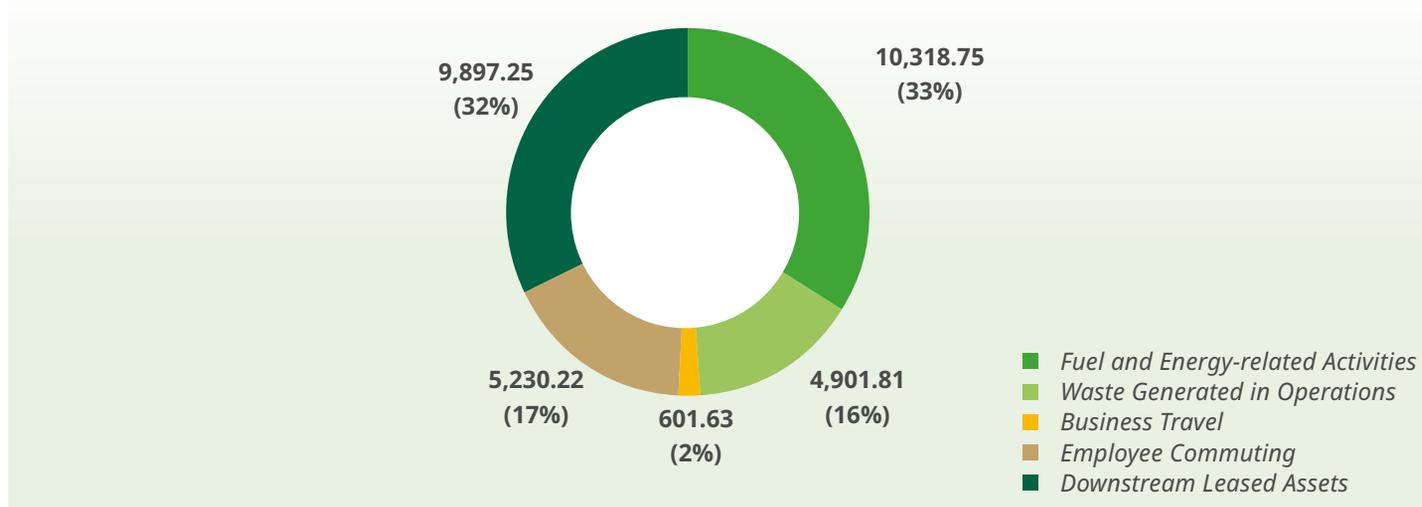
* The assessment of data quality is based on the GHG Protocol Scope 3 standard.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PROPORTION OF SCOPE 3 GHG EMISSIONS IN FY2024



Scope 3 Emission	Emission (tCO ₂ -e)		
	FY2022	FY2023	FY2024
Fuel and Energy-related Activities	15,394.32	9,342.30	10,318.75
Waste Generated in Operations	2,422.27	6,504.10	4,901.81
Business Travel	N/A	761.30	601.63
Employee Commuting	3,942.34	3,457.00	5,230.22
Downstream Leased Assets	3,718.88	6,028.20	9,897.25
Total	25,477.82	26,092.90	30,949.67

As a Group, the scope 3 emissions were higher in FY2024 primarily due to contributions from Hafary's operations.

Emission from fuel and energy-related activities which originates from our dependency to fossil fuel and grid electricity, is the largest source of scope 3 emission. A long-term transition plan towards increasing utilisation of renewable energy is essential to lowering indirect emissions resulting from the production of energy.

Electricity usage by downstream leased assets was the second largest source of scope 3 emissions. In addition to our ongoing conversion to energy-efficient lightings and equipment, we have planned to conduct an energy audit to explore the potential opportunities for us to reduce the electricity demand from our leased assets.

Emissions from both business travel and employee commuting contributed 19% of the overall measured scope 3 emission. We may consider initiatives to reduce emission for business travel.

Indirect emissions from waste generation contributed 16% to the quantified scope 3 emission. Our recycling efforts have helped mitigate emissions from waste generation by diverting it from landfills. In FY2024, we avoided an estimated 196,634.02 tCO₂-e by diverting waste through recycling and reusing. Most recycled waste came from oil palm biomass, such as oil palm fibre, empty fruit bunches, decanter solids, and boiler ash. Oil palm fibre was reused for renewable energy generation, while empty fruit bunches, decanter solids, and boiler ash were composted to improve soil nutrient content in the fields of oil palm estates.

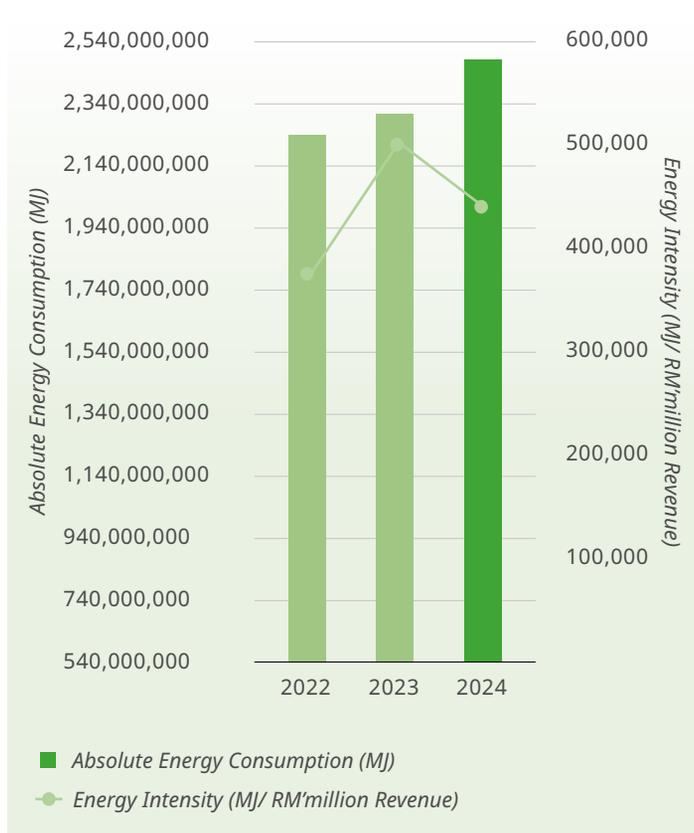
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Energy Management

The Group consumed a total of 2.49 billion MJ of energy in FY2024, with 71.5% of the energy requirement sourced from renewable energy.

ABSOLUTE ENERGY CONSUMPTION AND INTENSITY (FY2022 TO FY2024)



The Group's overall energy consumption increased, primarily due to higher usage across most business divisions, except for Credit Financing, Automotive divisions and quarry operations. Additionally, the inclusion of Hafary's operations contributed significantly to the increase. However, the overall energy consumption intensity was reduced, mainly contributed by the lower energy consumption per revenue recorded in the hospitality, fertilizer trading and quarry operations.

Plantation, which was the most energy reliant division, recorded higher energy consumption compared to FY2023. The increase was primarily driven by higher usage of oil palm fibre and biogas for energy generation to support the increased production. The energy consumption for Plantation division is expected to reduce

further in FY2025 after the commissioning of a new biogas plant in Tomanggong Palm Oil Mill. The additional biogas generated is expected to contribute to the amount of renewable energy and reduce reliance on fossil fuel for energy generation. Currently, 85.3% of the Plantation division's energy requirements are met by renewable sources, primarily derived from biomass, biogas, and biodiesel.

Grid electricity is the primary energy source for the property investment, with consumption increasing compared to FY2023 due to higher occupancy rate. Due to the limited rooftop space for solar energy generation, the management is exploring energy efficiency improvements by conducting an energy audit in FY2025. Additionally, management is committed to ensuring that all newly developed investment properties from FY2025 onwards, obtains recognized green building certifications to leverage the energy-efficient benefits of sustainable buildings. Management has currently six buildings with the total built-up area of 2.630 million certified. Energy usage in the hospitality operations increased due to a higher occupancy rate.

Energy consumption in the Automotive division remained largely unchanged from FY2023. The segment continues to rely on solar panels to reduce dependence on grid electricity, with improved solar energy utilization leading to increased renewable energy use.

Energy requirement for the quarry operations was significantly reduced due to rationalisation of its operations in FY2024. 61.0% of its energy requirements were met by renewable sources, primarily derived from wood waste for bricks heating and biodiesel. Energy requirement in the Hafary is primarily from the grid electricity consumption by the warehouses and showrooms. The high electricity consumption demand is partially fulfilled by the renewable energy from solar panels installed in four of its warehouses. Currently, 2.5% of the energy mix in Hafary consist of renewable sources. The management is exploring to install more solar panels at the suitable sites to further reduce reliance on grid electricity.

Energy consumption in Credit Financing division, commercial vehicle, fertilizer trading and general trading operations are generally low due to the inherently non-energy intensive nature of these businesses.

SUSTAINABILITY AT HAP SENG GROUP

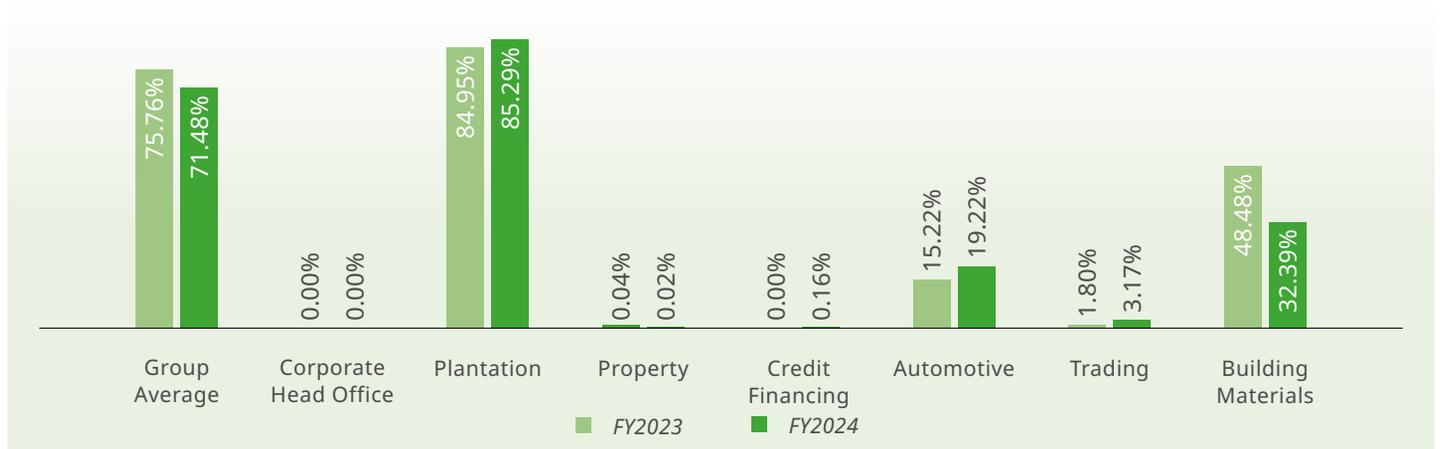
CREATING VALUE FOR ALL

Energy consumption intensity and absolute energy consumption by operating divisions are as follows:

Business Division	Energy Consumption Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute Energy Consumption (MJ)			FY'24 vs FY'23 (%)
	FY2022	FY2023*	FY2024			FY2022	FY2023*	FY2024	
Corporate Head Office	-	-	-	-	-	-	4,828,768.37	4,654,351.16	-3.61
Plantation	13,860.83	12,530.47	12,669.32	1.11	MJ/ MT Sales	1,758,191,185.53	1,855,662,580.51	1,907,480,888.76	2.79
Property Investment	108,140.10	57.64	58.25	1.07	MJ/ Occupied Area	53,892,914.76	53,974,961.94	56,365,750.43	4.43
Property - Hospitality	-	605,236.79	454,046.42	-24.98	MJ/ RM' million Revenue	-	20,046,652.83	21,566,297.00	7.58
Credit Financing	4,398.63	10,881.34	12,884.78	18.41	MJ/ RM' million Revenue	986,173.20	2,425,558.76	2,298,052.11	-5.26
Automotive - Passenger	14,588.02	7,208.90	9,618.22	33.42	MJ/ No. of Car Sold	20,867,564.61	25,180,678.16	25,180,492.44	-0.001
Automotive - Commercial	10,659.06	11,057.21	14,865.83	34.44	MJ/ RM' million Revenue	3,624,102.06	3,477,492.24	2,993,012.39	-13.93
Trading - Fertilizer Trading	3.35	4.33	4.10	-5.34	MJ/ MT Sales	3,300,000.18	3,982,197.73	6,497,045.25	63.15
Trading - General Trading	5,500.27	2,692.07	7,190.01	167.08	MJ/ RM' million Revenue	2,605,699.00	1,319,802.60	3,187,833.74	141.54
Building Materials - Quarry	2,403,348.39	2,057,382.15	1,795,704.74	-12.72	MJ/ RM' million Revenue	362,929,639.99	350,483,562.80	236,989,928.37	-32.38
Building Materials - Hafary	-	-	254,465.76	-	MJ/ RM' million Revenue	-	-	227,405,362.82	-
Group Overall	365,413.24	528,550.58	498,767.69	-5.63	MJ/ RM' million Revenue	2,206,397,279.33	2,321,382,255.93	2,494,619,014.46	7.46

* Restated data. Refer to page 130 for details.

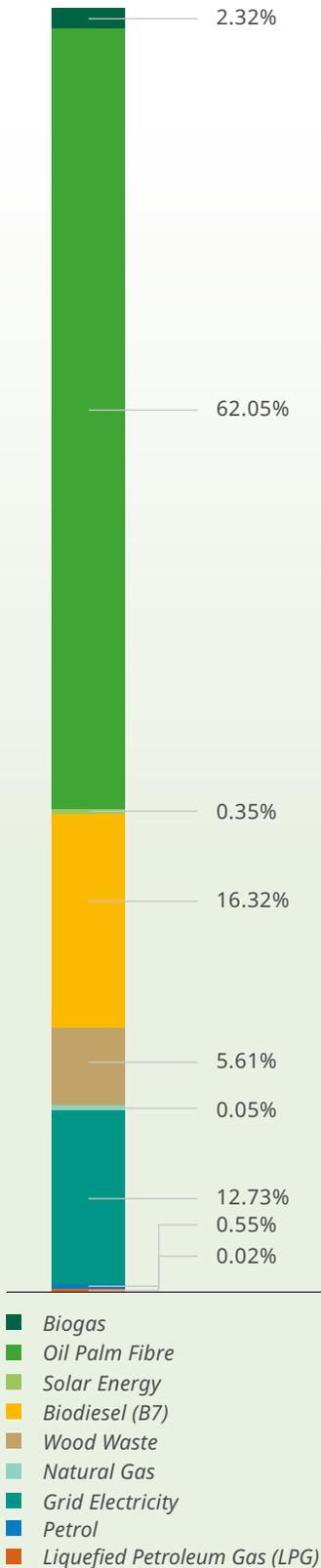
RENEWABLE ENERGY CONSUMPTION BY BUSINESS DIVISION



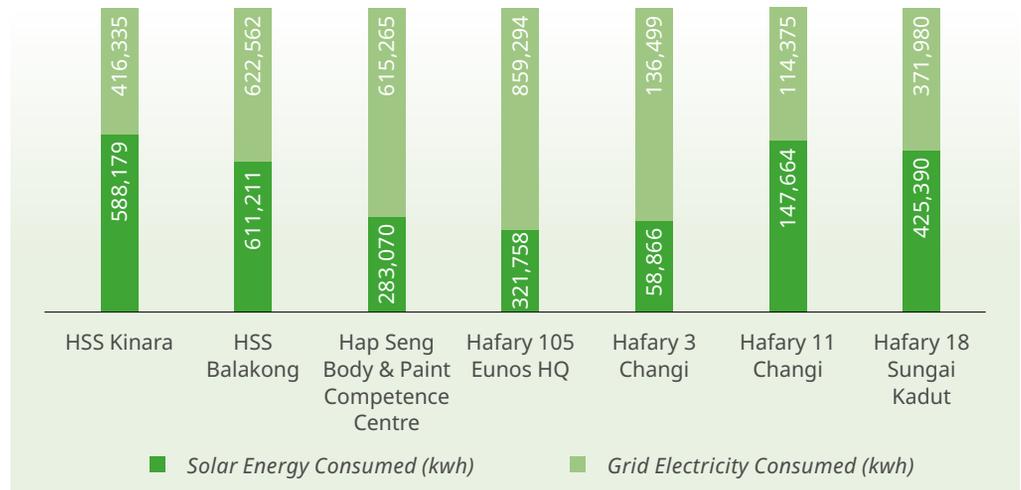
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ENERGY CONSUMPTION BY SOURCES IN FY2024



ELECTRICITY CONTRIBUTION FROM SOLAR ENERGY IN FY2024



Seven operating units under the Automotive and Building Materials divisions are currently harnessing solar energy, contributing 8.77 million MJ of renewable energy to the Group. In addition to meeting our own consumption needs, 7.01 million MJ of surplus renewable electricity was fed into the grid to offset the grid usage. The substantial increase in energy export to the grid was due to Hafary operations, which accounted for approximately 81% of the total renewable energy exported from solar.

Energy Surplus Fed to National Grid (MJ)	FY2022	FY2023	FY2024
	0.94 million	1.06 million	7.01 million

Property	Green Building Certificate
Menara Hap Seng 2	Green Building Index
Menara Hap Seng 3	Leadership in Energy and Environmental Design (Gold)
Plaza Shell	Leadership in Energy and Environmental Design (Silver)
Mercedes-Benz Setia Alam Autohaus	Green Real Estate (Bronze)
Mercedes-Benz Bukit Tinggi Autohaus	Green Real Estate (Bronze)
Wisma Mercedes-Benz	Leed Gold Certified
Eko Perdana & Bandar Sir Perdana	GreenRE (Bronze)
Hyatt Centric Kota Kinabalu	GreenRE (Silver)
Retail Podium @ KL Midtown	Provisional GreenRE (Gold)

General groupwide implementation of energy management practices:

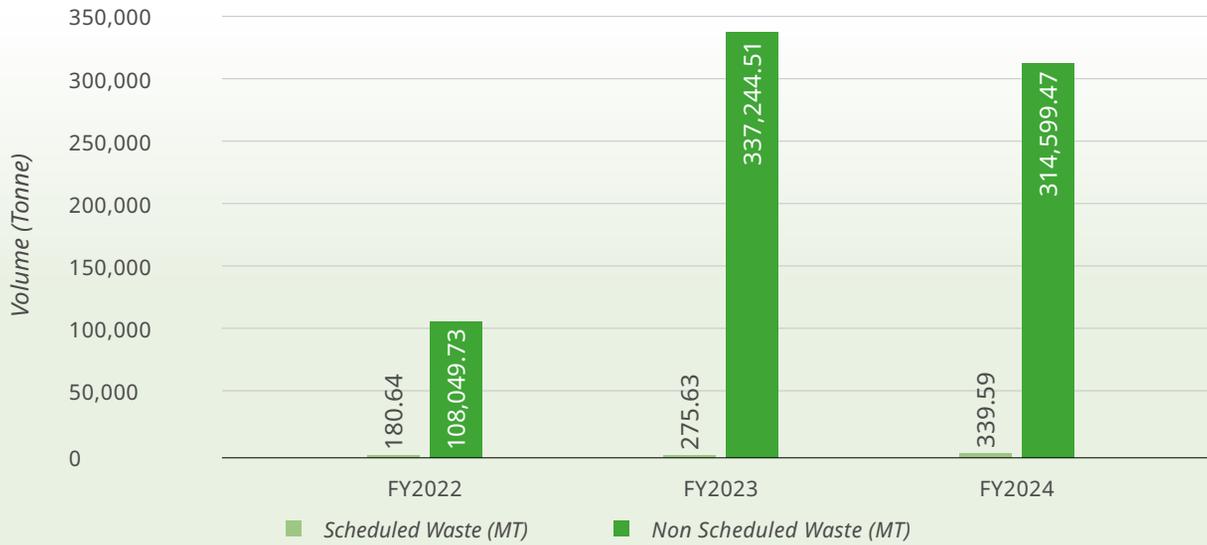
- Auto-adjusted air conditioning system.
- Lights-off during non-office hours and vacant sections.
- Timer and motion sensor-controlled lighting system.
- Progressive replacement of existing conventional lighting to energy saving light-emitting diode (LED) lighting.
- Utilised LED lighting for office building and carpark area
- Utilisation of solar energy.
- Utilisation of biomass to generate renewable energy.

SUSTAINABILITY AT HAP SENG GROUP
CREATING VALUE FOR ALL

Waste Management

The Group strives to manage resources in a responsible manner, reducing waste generation through efficient utilisation of resources, reuse, and recycling.

WASTE GENERATED (FY2022 TO FY2024)



Waste Management	Unit	Scheduled Waste	Non-scheduled Waste	Total
Waste Generated		339.59	314,599.47	314,939.05
Waste Diverted from Disposal	MT	0.00	314,052.28	314,052.28
Waste Disposed		339.59	547.18	886.77

Each business division manages its waste in accordance to the divisional waste management systems. In FY2024, we recorded lesser waste due to rationalisation of quarry operations. Majority of the recorded waste was from the oil palm biomass which was reused as renewable fuel and mulch in the plantation operations. Discarded bricks from our bricks factory were mostly reused to repair the bricks heating kiln wall and recycled as raw material to produce new bricks. Metal waste was mainly generated by Automotive and Plantation divisions from the disposal of parts and machinery.

Through our Property division, we are actively raising awareness about the importance of managing non-scheduled waste by collaborating with waste collectors and leveraging our extensive network of tenants at our investment properties. We continue to collaborate with McDermott Asia Pacific Sdn Bhd and Kloth Malaysia on fabric recycling. In FY2024, we managed to collect 1,252 kg fabric for recycling purpose. Recognising

the increasing electronic waste produced by the community, we initiated an e-waste recycling initiative in collaboration with Electronic Recycling Through Heroes (ERTH) Malaysia. This initiative encouraged employees and tenants at Menara Hap Seng to dispose of their unused electronic items responsibly. A total of 42 kg of electronic waste was collected through this campaign in FY2024. Internally, we have also introduced the cashless parking system across our main investment properties, significantly reduced paper usage by 82,000 carpark tickets.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

In the hospitality segment, various practices were adopted to reduce waste such as providing refillable drinking water, eco-friendly amenities like large-format soap dispensers and recycling of cooking oil.

In our other business divisions operating in an office environment, the majority of generated waste consists of general waste and office paper. We continuously raise employee awareness by encouraging waste segregation and promoting paperless documentation through digitalization. We encourage electronic document sharing and advocate for printing only when necessary, emphasizing double-sided printing practices.

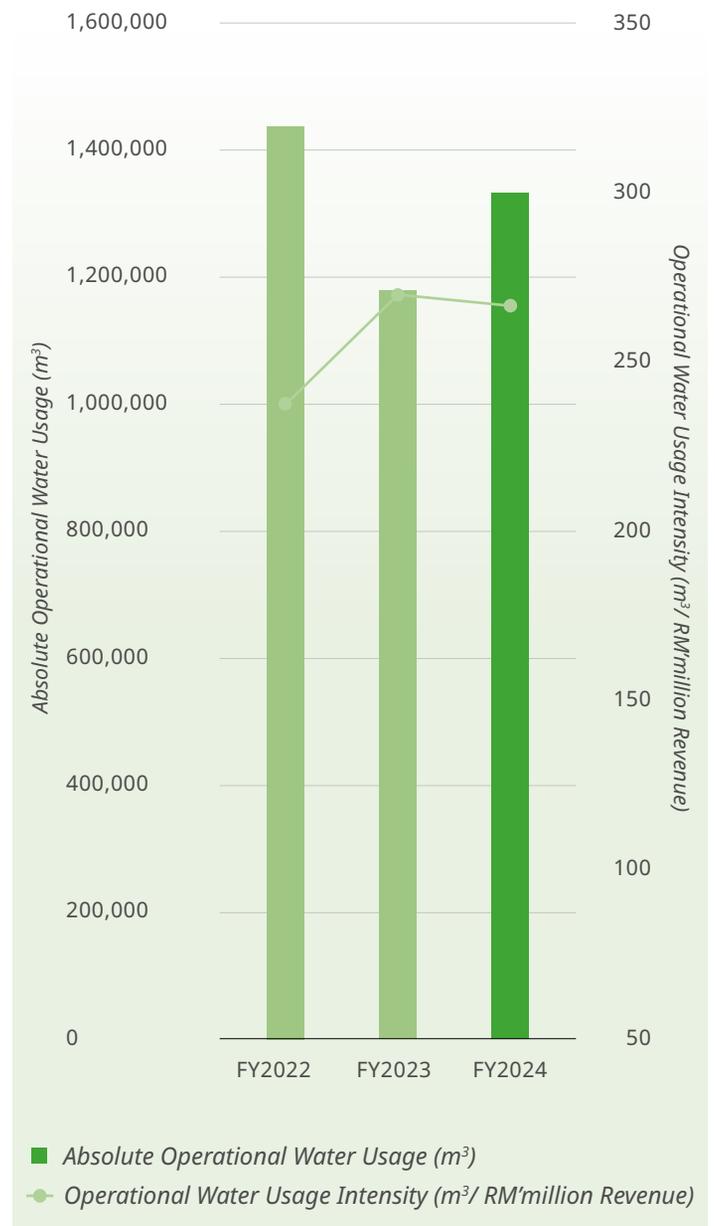
Collaborations on waste recycling in FY2024:

Partnership	Type of Waste	Quantity (kg)
McDermott Asia Pacific Sdn Bhd and Kloth Malaysia	Fabric	1,252
ERTH Malaysia	Electronic Waste	42



Water Management

ABSOLUTE OPERATIONAL WATER USAGE AND INTENSITY (FY2022 TO FY2024)



The Group recorded an increase in the absolute operational water consumption, which was primarily due to inclusion of consumption from Hafary. However, water consumption intensity saw a slight decline, driven by improved water use efficiency recorded in the Plantation division and hospitality, fertilizer trading and quarry operations.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Operational water consumption intensity and absolute water consumption by operating divisions are as follows:

Business Division	Operational Water Usage Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute Operational Water Usage (m ³)			FY'24 vs FY'23 (%)
	FY2022	FY2023	FY2024			FY2022	FY2023	FY2024	
Plantation	1.88	1.28	1.25	-2.11	m ³ / MT FFB Processed	1,205,366.00	909,259.00	892,372.00	-1.86
Property Investment	259.00	0.18	0.19	5.93	m ³ / Occupied Area	129,075.82	135,741.57	148,917.15	9.71
Property - Hospitality	-	1,322.75	1,081.50	-18.24	m ³ / RM' million Revenue	-	43,812.00	51,369.00	17.25
Credit Financing	2.83	2.79	5.74	106.22	m ³ / RM' million Revenue	634.00	621.00	1,024.64	65.00
Automotive - Passenger	38.44	13.10	17.44	33.10	m ³ / No. of cars sold	54,981.30	45,769.00	45,659.14	-0.24
Automotive - Commercial	8.47	9.88	13.51	36.71	m ³ / RM' million Revenue	2,880.66	3,108.00	2,720.00	-12.48
Trading - Fertilizer Trading	0.01	0.02	0.01	-35.04	m ³ / MT Sales	11,737.00	15,147.00	16,959.80	11.97
Trading - General Trading	7.39	7.98	10.38	30.09	m ³ / RM' million Revenue	3,500.00	3,911.00	4,601.36	17.65
Building Materials - Quarry	210.27	136.78	120.56	-11.86	m ³ / RM' million Revenue	31,753.00	23,300.88	15,910.44	-31.72
Building Materials - Hafary	-	-	172.38	-	m ³ / RM' million Revenue	-	-	154,048.86	-
Group Overall	238.47	268.82	266.63	-0.82	m ³ / RM' million Revenue	1,439,927.78	1,180,669.46	1,333,582.39	12.95

Plantation division recorded slight lower water usage from the implementation of water management initiatives such as rainwater harvesting and recycling of turbine cooling water. The property investment and hospitality operations saw higher water consumption due to increased occupancy rates at investment properties and Hyatt Centric Kota Kinabalu. However, there is a reduction in the water use intensity, reflecting improved water use efficiency.

Menara Hap Seng 2, Manara Hap Seng 3 and Plaza Shell are equipped with a rainwater harvesting system, which collected 4,107 m³ of rainwater. Additionally, condensate water is also captured from the cooling system in Hyatt Centric Kota Kinabalu to maximise water resource. Both harvested rainwater and condensate water were primarily used for plant irrigation.

The Automotive division recorded lower absolute water consumption in both passenger and commercial vehicles segments. This decline in water consumption intensity was primarily due to lower sales volume and revenue. Rainwater harvesting system is available in three of the autohaus to supply water for car washing purpose. In FY2024, 1,632 m³ of rainwater was utilised by the autohaus.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Water consumption in the Credit Financing and Trading divisions increased due to the inclusion of contributions from operations outside Malaysia. An underground pipe leakage at one of the warehouses under the fertilizer trading operation further contributed to higher water usage. To improve monitoring of potential underground leaks, the management plans to implement manual water consumption tracking instead of relying solely on water bills, which can take over two months to receive.

Water consumption for the quarry operations was significantly reduced due to rationalisation of its operations in FY2024.

In FY2024, 85.5% of total water withdrawal came from surface water sources, originated from natural ponds and harvested rainwater. Rainwater harvesting systems contributing about 8.1% of the group's total water withdrawal, are accessible across the Plantation, Property, Automotive, and Trading divisions. These systems are typically installed during the construction phase of our buildings, serving as a permanent solution for rainwater collection. Additionally, in Sabah, some of our landed property developments incorporate rainwater harvesting as an alternative water source.

Source of Water Withdrawal	Unit	Freshwater ($\leq 1,000$ mg/l Total Dissolved Solids)		
		FY2022*	FY2023*	FY2024
Surface Water	ML	1,910.60	2,295.98	2,592.33
Groundwater		0.00	0.00	0.00
Seawater		0.00	0.00	0.00
Third-party Water		483.70	271.41	441.21
Total		2,394.30	2,567.39	3,033.54

Destination of Water Discharge	Unit	Freshwater ($\leq 1,000$ mg/l Total Dissolved Solids)		
		FY2022	FY2023	FY2024
Surface Water	ML	979.15	817.16	729.84
Groundwater		0.00	0.00	0.00
Seawater		0.00	0.00	0.00
Third-party Water		0.00	0.00	0.00
Total		979.15	817.16	729.84

Water Consumption (ML)	FY2022*	FY2023*	FY2024
		1,415.15	1,750.24

Note: *Restated data. Refer to page 130 for details.

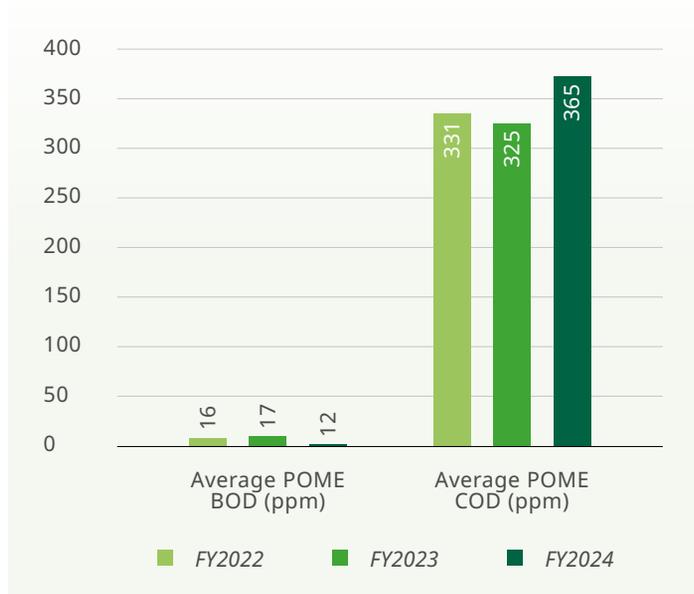
Currently, the Group faces minimal risk of operational disruption from water stress. Our Plantation and Building Materials divisions, which rely on natural water sources, have installed permanent water reservoirs in the form of ponds to store excess surface water. Planting of leguminous cover crops, stacking of oil palm fronds, application of EFB as mulch to enhance soil moisture retention and carry out land irrigation with palm oil mill effluent (POME) are some of the practices implemented to alleviate the impact of water stress within our plantation operations.

We continue to install rainwater harvesting facilities in our buildings to enhance cost efficiency and alleviate potential future water stress. Using rainwater also reduces reliance on treated water, especially in areas with limited access. For more details on our water stress assessment, refer to page 104.

SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

Aside from improving water security within our operations, we are committed to ensuring that the generated wastewater is treated and discharged in accordance with the Environmental Quality (Industrial Effluent) Regulations 2009. Plantation division generated 729.84 ML wastewater in the form of palm oil mill effluent (POME) in FY2024. The generated wastewater was eventually diverted to the treatment pond, where it was processed in a closed-loop system within the plantation.

QUALITY OF TREATED POME (FY2022 TO FY2024)



Biological Oxygen Demand (BOD) from palm oil mills remained below 20 ppm prior to its release in accordance to the environmental regulation. Treated POME is channelled to the estate for land irrigation, which enhances the soil's nutrient and moisture content for the oil palms.

The Plantation division has banned the use of paraquat since 2011, as it was highlighted by stakeholders as a chemical of concern due to its widespread misuse. We do not use pesticides and chemicals in our plantations that are categorized by the World Health Organization (WHO) as Class 1A and 1B. We further commit to reduce pesticides and chemicals specified in the Rotterdam and Stockholm conventions. Additionally, pollution prevention measures are implemented to prevent surface water runoff from the oil palm fields. Our employees are trained not to spray any

chemical within the riparian buffer, which is maintained along the natural waterways to minimise chemical runoff. Regular monitoring of stream water quality is also conducted to ensure compliance with the requirements set forth by the Department of Environment of Malaysia. We employ robust agricultural practices by adopting IPM strategies that emphasize cultural, biological, and mechanical methods to reduce reliance on chemicals. Additionally, we have introduced barn owls for natural rodent control, further reinforcing our commitment to responsible and sustainable agriculture.

Air Quality Management

We are taking steps to mitigate the impact of air pollutants by adhering to the Environmental Quality (Clean Air) Regulations 2014 and the Malaysian Ambient Air Quality Standards 2020. Dust and chemical vapors are identified as potential air pollutants in our Plantation, Automotive and Building Materials divisions.

The following initiatives are taken to manage air quality within our operation: -

Division	Initiatives
Plantation	<ul style="list-style-type: none"> Installation of Electrostatic Precipitator System in all four palm oil mills to reduce dust emission to less than the permissible emission level of 150 mg/m³.
Automotive	<ul style="list-style-type: none"> Use fully enclosed vehicle painting booths. Air filters to ensure air pollutants such as sulphur dioxide and paint particles are confined and filtered within the booths.
Building Materials - Quarry	<ul style="list-style-type: none"> Water sprinklers installed at strategic locations to minimise particulate matter in the air. Retention ponds to capture the dust-water mixture. Quarry operations achieved an averaged air particulate matter of 22.3 µg/m³, significantly lower than the permissible limit of 260 µg/m³.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Biodiversity Management

We place a high priority on allocating resources towards managing biodiversity in our Plantation division, as some of our estates are located near areas with HCV. Due to the nature of our businesses, Credit Financing, Automotive, and Trading divisions have negligible impact on biodiversity.

Commitments by the Plantation division in biodiversity management:

- No deforestation and no new planting on peatland.
- Legality screening of external FFB sources.
- Full traceability to FFB sources.
- Monthly deforestation monitoring via Global Forest Watch’s deforestation alerts to ensure all of the FFB sources are deforestation free.
- Maintaining HCV and riparian buffer.
- Prohibition of hunting, logging, possession, and trafficking of wildlife, including species categorised as rare, threatened, and endangered on the International Union for Conservation of Nature (IUCN) Red List.
- Monitoring of illegal boundary encroachment.
- Boundary patrolling.
- Collaboration with Wildlife Department and Forestry Department.

Type of Conservation Area	Area (Hectares)
HCV	1,401.98
Riparian Buffer	1,056.74

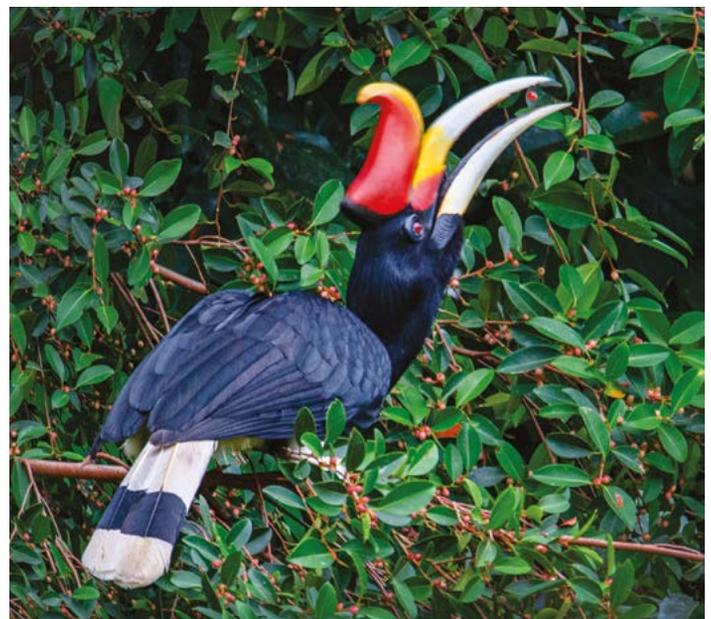
We employed satellite imaging technologies such as the Global Forest Watch Fire Portal to detect fires within and surrounding of our estates. Report on fire hotspot detection will be disclosed at monthly basis on our Plantation division’s website¹ and our internal Emergency Response Team is prepared to respond promptly in the event of a fire.

¹ <https://www.hapsengplantations.com.my/environmental-sustainability.html>

No. of Detected Fire Hotspot	FY2022	FY2023	FY2024
	0	0	0

The Property division’s development projects have minimal impact on biodiversity, as they are located in urban areas. Potential biodiversity risks were assessed during planning, with measures integrated to enhance surrounding biodiversity through greenery. Additionally, Hyatt Centric Kota Kinabalu emphasises responsible sourcing of food and beverages, complying with Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certifications.

Potential environmental risks at the quarries were thoroughly assessed through Environmental Impact Assessment (EIA) prior to development. We periodically submit environmental quality monitoring reports to the DOE to ensure ongoing compliance. We are required to rehabilitate any decommissioned quarry site to expedite regeneration of natural vegetation and restore ecological functions to support biodiversity. As at FY2024, none of our quarries were decommissioned.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PEOPLE AND COMMUNITY DEVELOPMENT

Align to SDG:



Our Approach

Our priority in sustainability is creating value for employees and local communities. At Hap Seng, we recognize their vital role in fostering a sustainable business that contributes to socio-economic development. We uphold the fundamental rights outlined in International Labour Organization conventions and promote fair labor practices across all operations.

Labour Practices and Standards

At Hap Seng, we believe our employees are the most valuable assets driving the success and growth of the Group. We are committed to fostering an environment that supports the well-being and development of our workforce.

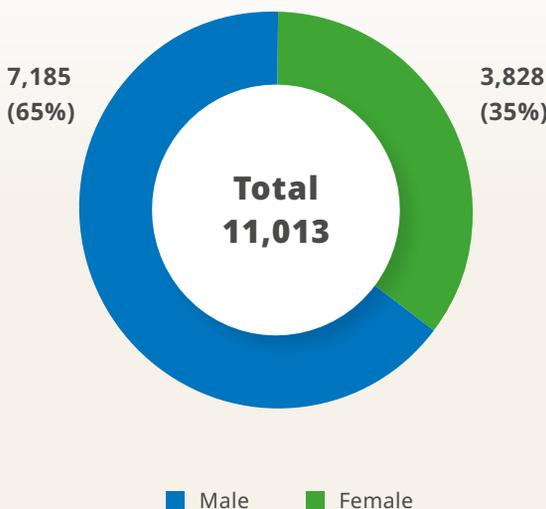
Diversity

We are committed to promoting diversity and inclusivity by ensuring equal opportunities and fair compensation, regardless of race, religion, gender, age, sexual orientation, disability, or nationality. This year, we have expanded our reporting scope to include operations in Singapore, Indonesia, China and the United Kingdom.

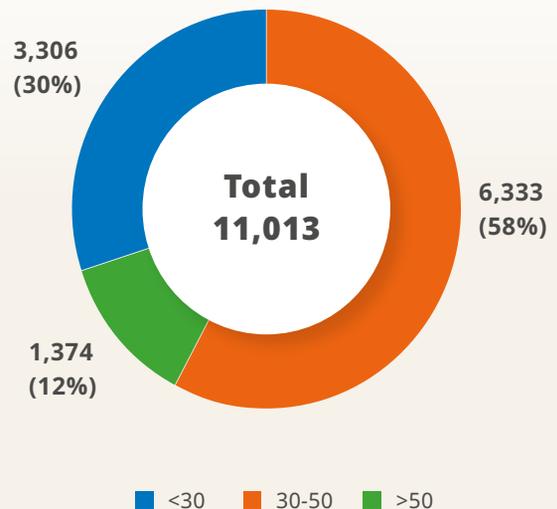
The Group believes that promoting diversity, equity, and inclusion benefits the workplace in various ways, including fostering an innovative mindset that contributes to more effective decision-making and increased work productivity.

In FY2024, the Group employed 11,013 people globally, with 35% of them being women. Women also make up 41% of managerial roles. While men make up the largest portion of our workforce, primarily due to the nature of our Plantation division, we remain committed to fostering gender inclusivity across our organization.

**WORKFORCE DIVERSITY BY GENDER
IN FY2024**



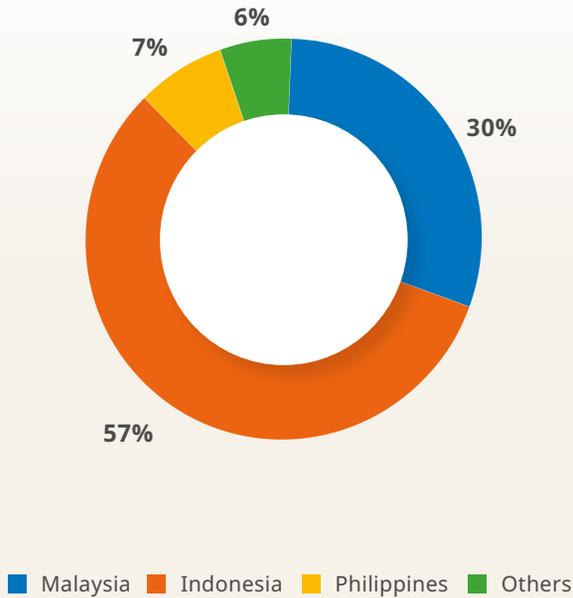
**WORKFORCE DIVERSITY BY AGE GROUP
IN FY2024**



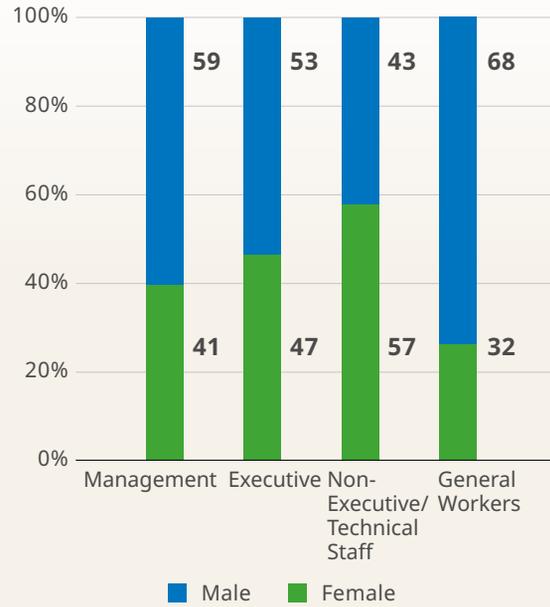
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

WORKFORCE DIVERSITY BY NATIONALITY IN FY2024



GENDER DIVERSITY BY EMPLOYEE CATEGORY IN FY2024



	FY2024
Number of Temporary and Part-time Employee	28
Percentage of Temporary and Part-time Employee	0.25%

Hap Seng prioritizes the recruitment and attraction of local talent to foster a diverse workforce, encompassing employees from various ethnic backgrounds. We are committed to hiring and promoting individuals based on merit, upholding the rights of all employees regardless of their background, and actively promoting an inclusive workplace. Our Human Resources department ensures that the interview process remains free from discrimination.

In FY2024, the Group hired 2,340 new employees, with males constituting a significant proportion of the new hires. This is largely due to 65% of the new hires being in the Plantation division.

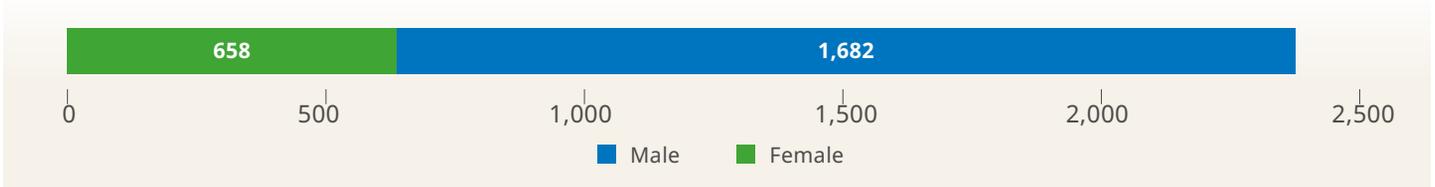
The voluntary turnover rate for FY2024 was recorded at an average of 21.9%. This turnover rate is lower compared to FY2023 due to the expansion of the scope of disclosure. However, there were voluntary separations due to outsourcing activities and business rationalisation in the quarry operations.



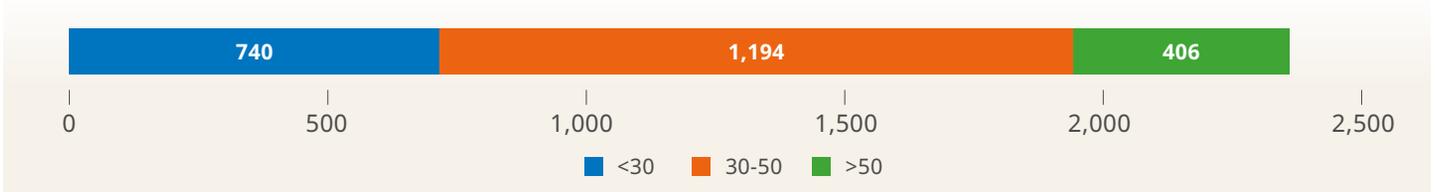
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

NEW HIRES BY GENDER IN FY2024



NEW HIRES BY AGE GROUP IN FY2024



Remuneration and Benefits

The Group is committed to providing fair compensation and benefits that meet or exceed minimum wage requirements. We offer both monetary and non-monetary benefits to our employees, in full compliance with local regulations. These include various types of paid leave, comprehensive healthcare coverage, and more.

Leave Entitlement

- Annual leave
- Examination leave
- Medical leave
- Marriage leave
- Compassionate leave
- Maternity leave
- Paternity leave
- Prolonged illness leave

Fringe Benefits

- Medical and hospitalisation benefits
- Groups personal accident insurance
- Long service/ retirement awards
- Outstation meal, accommodation and travel allowances
- Education assistance
- Membership in professional association
- Sports facilities & health initiatives
- Dental and optical benefits (selected job grades)

Employee Engagement

At Hap Seng, we place a strong emphasis on fostering a healthy work-life balance and prioritizing the overall well-being of our employees. We understand that maintaining a balance between professional responsibilities and personal time is crucial for both productivity and job satisfaction. To support this, we offer a wide range of weekly activities designed to promote physical fitness, mental relaxation, and social connection. These activities include Zumba classes, yoga sessions, badminton, and more.

In FY2024, the Group launched a Wellness Day in collaboration with our health service panel to promote a healthier work-life balance and improve the overall well-being of our employees. A series of activities were initiated, including medical check-ups, flu vaccinations at a special rate, and a health-related webinar. Wellness vendors are also available to provide employees with advice on health matters.

In addition to these wellness initiatives, we also encourage departments to organize team-building events. These activities are designed to enhance collaboration, strengthen relationships, and build a positive, supportive work environment. By fostering a sense of community and teamwork, we aim to create a workplace where employees feel valued, motivated, and connected.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Our Property division has initiated numerous employee engagement activities based on five key pillars: Safety and Health, Recreation and Employee Welfare, Knowledge, Education and Publicity, Green Technology and Initiatives, as well as Community Service. These initiatives not only target internal stakeholders but also extend to external stakeholders, such as tenants and the public. Through these initiatives, we hope that the Group will be able to strengthen social sustainability within the community.



Learning and Development

Hap Seng is dedicated to fostering a culture of continuous learning, equipping our workforce with the skills needed to respond to the evolving market. We believe that continuously upskilling our employees will foster their growth by providing them with leadership and functional competencies tailored to specific job roles. For example, employees in management positions are trained in leadership strategies, while those in technical roles receive specialized training in areas like cybersecurity, project management and data analysis.

To ensure that training aligns with job requirements, we encourage employees to propose the training they need to enhance their skill set and knowledge, which will assist in their job functions, during the annual performance review with their superiors. In addition, the Group provides educational assistance to employees who wish to enhance their academic or technical knowledge, supporting their career goals. In FY2024, we achieved a total of 92,611 training hours, demonstrating our commitment to employee development.

Our focus on continuous development also supports our succession planning effort which identifies talents with potential for senior leadership roles. This ensures business continuity and sustainable growth for the future.

Total Training Hours in FY2024:
92,611 hours

Average Training Hours Per Employee:
8.41 hours

Total Training Hours by Employee Category in FY2024

Board	Management	Executive	Non-executive/ Technical Staff	General Workers
174	11,919	29,143	45,279	6,096

Total Training Hours by Training Category

Health and safety	Human rights and grievance management	Anti-corruption & bribery	Data privacy & security	Environmental management	Laws & regulations	Others
38,242	702	78	2,377	14,361	3,355	33,496

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Human Rights

Hap Seng is guided by its Group Sustainability Framework, where we are committed to respecting the fundamental principle and rights at work, such as freedom of association, collective bargaining, prevention of all forms of forced labour, compulsory labour and child labours, as well as promoting a workplace free from discrimination in employment and build a safe working environment.

We ensure there is no violations of human rights occur in the process of recruitment and workplace. The Group has established the grievance procedure to guide the employee on the steps to raise their grievance they may have. This procedure is available in the employee handbook on the company's intranet and it is communicated to all employees, including both management and graded staff level.

Employees are encouraged to raise grievances with their immediate superior or the Industrial & Employee Relations Manager regarding issues they may face. In addition, the Group fosters a workplace free of any form of harassment, which is communicated to all employees. In FY2024, there was zero reported incident of harassment.

Number of Substantiated Complaints Concerning Human Rights Violations	FY2022	FY2023	FY2024
	0	0	0

Health and Safety

The Group is committed to fostering a health and safety-conscious workplace across all business divisions. This commitment is essential to ensure the protection of our employees and to create a secure, supportive and productive work environment.

At Hap Seng, we adhere to all mandatory health and safety legislation and have established procedures to effectively address health and safety concerns.

We have implemented dedicated health and safety committees in each division, consisting of representatives from both employees and management. These committees are tasked with overseeing health and safety initiatives and ensuring compliance with safety regulations.

To equip all employees with the necessary health and safety knowledge, we provide regular training on various health and safety topics. This includes annual fire drills, personal protective equipment (PPE) training and other relevant courses. This proactive approach helps minimize the risk of health and safety incidents in the workplace.

The Group has also adopted Hazard Identification, Risk Assessment, and Risk Control (HIRARC) process. This evaluation helps identify potential risks related to



health and safety within our operations, allowing us to proactively mitigate and manage any possible hazards.

To minimize chemical exposure to our employees, the Plantation division has adopted drone technology for chemical spraying. This approach enhances workplace safety by reducing direct contact with chemicals, improves productivity and optimizes workforce utilization.

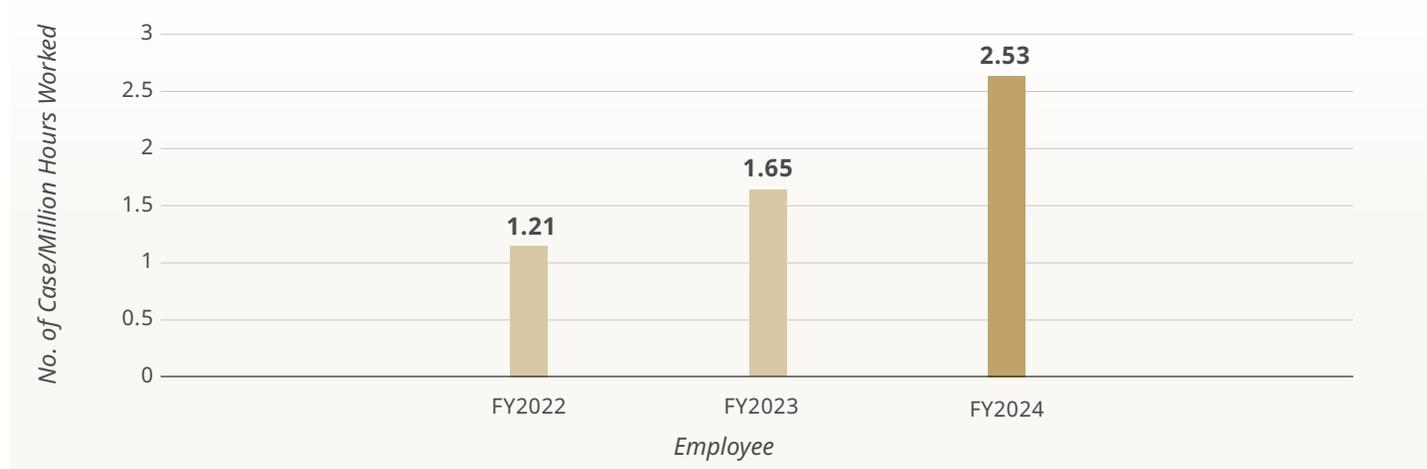
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Health and Safety Training	FY2022	FY2023	FY2024
Number of employees trained	350	794	1,822
Total training hours	2,583	3,270	38,242

Health and Safety Performance	Unit	FY2024
Work-related Injury		
Fatality case	No. of case	1
High-consequence injury	No. of case	1
Other work-related injury	No. of case	60
Fatality rate	No. of case/Million hours worked	0.04
High-consequence injury rate	No. of case/Million hours worked	0.04
Lost time injury frequency rate	No. of case/Million hours worked	2.53
Work-related Ill Health		
Fatality case	No. of case	0
Work-related ill health	No. of case	0

LOST TIME INJURY FREQUENCY RATE (FY2022 TO FY2024)



In FY2024, we had recorded one workplace fatality and one high consequence cases involve our employees. The fatality incident occurred in the Plantation division, where a worker tragically fell into the river and drowned while transferring fertilizers from the barge to the lorry. The high-consequence incident at the tiles production factory was caused by a short circuit in the motor pump press of a machine. In both incidents, immediate action was taken by the management to prevent similar incident, which involve post-accident investigation, reviewing of operating procedures, enhancement in HIRARC documents, introducing necessary personal protective equipment and providing essential training to the existing employees.

The rise in workplace accidents and the lost time injury frequency rate has prompted the Group to implement additional measures at the Group level to enhance governance and monitoring of safety and health matters. Immediate corrective measures were implemented to prevent the recurrence of the incident. These include the installation of Standard Operating Procedures along with safety and warning signage in the operations, the conduction of refresher training on the revised SOP, and the completion of HIRARC in conjunction with the updated SOP.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Community & Society

The Group is dedicated to creating a meaningful and positive impact on both society and the environment, while also promoting socio-economic benefits for the local communities where we operate. Through our active engagement with these communities, we strive to reduce any negative effects, take corrective measures when needed, and enhance the positive outcomes for all stakeholders involved. Our goal is to continuously strengthen and maintain strong, collaborative relationships with our stakeholders, ensuring mutual growth and benefit.

Contributions, Beneficiaries, and Employee Volunteering	FY2022	FY2023	FY2024
Total Contribution (RM)	>1.9 million	>2.4 million	>2.8 million
Total Beneficiaries	>3,000	>27,000	>11,000
Total Employee Volunteered	109	125	83
Total Volunteering Hours	1,617	1,717	685

We actively encourage our employees to engage in community programmes, as we believe that such involvement nurtures a strong sense of responsibility and personal fulfillment. Through meaningful participation, employees not only have the opportunity to make a tangible, positive impact on society, but also to experience personal growth and deepen their connection with the communities they serve. In FY2024, a total of 83 employees participated in these initiatives, collectively contributing 685 hours of volunteer work.

Category	Programmes	Monetary Contribution (RM)
Education	HSG EXPLORE 2.0	347,760
	Contribution for Humana	947,300
	HSG Ignite Digital Maker 4.1	392,770
	Mercedes-Benz Advance Modern Apprenticeship Programme	598,000
	Naga Scholarship Award 2023	31,600
	Smart TV Donation to SK Tanjung Batu Keramat, Tawau	29,700
	Back to School Donation Drive	1,500
Environment and social well-being	Donation for Alfatoun Charity Run	760
	Sustainable Farming with Hopes	4,780
	Recycling with Carlsbot	
	Contribution in-kind for Harvest Festival	800
	CSR Contribution	450,680
	HSPD Caring Developer 2.0	6,000
	Sponsorship to District Council Kinabatangan (Harvest Festival)	2,860
	Donation to Health Department of Kinabatangan in conjunction of International Nurses Day	1,000
	Jom Bersih Pantai	1,110
	Blood Donation Drive	270
Total		2,816,890

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Following are some of the highlights of CSR programmes conducted in FY2024:

Humana Programme

The Plantation division has partnered with the Humana Child Aid Society, a non-governmental organization, to provide education to the children of workers living in plantations and remote areas of Sabah, making education more accessible despite the challenges posed by their location.



HSG Ignite Digital Maker

Contributed about RM 393,000 to promote STEM (Science, Technology, Engineering, and Mathematics) education to primary school students in Tawau, Semporna, Lahad Datu, and Papar, Sabah. This also includes efforts to enhance the digital literacy of 1,200 students and 100 teachers across 60 schools.



Supporting the Rumah Amal Raudhatul Jannah

The Group has launched a “Back to School Donation Drive” to support underprivileged students at Rumah Amal Raudhatul Jannah. We have contributed a total of RM1,500 to help these students purchase essential school supplies. This initiative has benefitted 20 students.



HSPD Caring Developer 3.0

Initiated a townhall sessions with the residents of Bandar Sri Indah, Tawau with the aim to strengthening community engagement and promoting sustainable developments in the areas where we operate.

Environmental Conscious Initiatives

Hyatt Centric KK initiated the Sustainable Farming project with Hopes Malaysia, aimed at empowering the targeted rural communities in Sabah to improve their food security and standard of living.

Additionally, they have collaborated with Carlsbot on recycling initiatives, contributing to environmental and social well-being through waste management and recycling efforts.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL



HSG Explore

Hap Seng's flagship CSR programme aims to nurture leadership and personal development among youth in Sabah. This programme offers career readiness activities, peer mentoring by teachers, and a structured learning development framework for 850 students and 60 teachers, with a total contribution of about RM 348,000.

Coastal Beach Cleaning

In November 2024, the Group organized a coastal beach cleanup to encourage employees to come together and contribute to environmental preservation. This initiative aims to raise awareness about the importance of keeping our local beaches clean, safe, and free from pollution. A total of 20 employees volunteered for this campaign.

Respecting Land Rights: Managing Land Disputes and Upholding Community Commitments

We acknowledge the legal and customary land rights of local communities. The Plantation division has established a Land Dispute Management Policy that outlines the process for handling land disputes encountered with third parties, such as indigenous groups or individuals claiming interests in the land. We also respect the customary or native rights of indigenous and local communities and are committed to ensuring compliance with the FPIC process for all new developments.

As part of the requirements in obtaining RSPO and MSPO certifications, 10 out of 13 independent local outgrowers and smallholders who are supported by Hap Seng Plantations have made commitment to respect legal and customary land rights as well as the indigenous and local communities' rights.

RESTATEMENTS

Quality Products & Services		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Customer Satisfaction Index (%)	85	79
	Disclosed Figure in FY2022	Restated Figure for FY2022
	83	78

There have been changes in the methodology for calculating the customer satisfaction survey for FY2022 and FY2023 by the property development. After review, the Group has restated the quantitative data.

Emissions Management		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Absolute GHG Emissions (t CO ₂ -e)	154,662.75	164,806.80
GHG Emissions Intensity (t CO ₂ -e/ RM'million Revenue)	32.26	37.81

- The emissions for Plantation division were undercalculated by 9,438.58 t CO₂-e due to adjustment in the emissions from POME treatment and EFB land application.
- The emissions for Automotive division were undercalculated by 202.79 t CO₂-e due to adjustment in electricity consumption.
- The emissions from the corporate head office, amounting to 502.68 t CO₂-e, are incorporated as the absolute GHG emissions rather than reported as a separate figure.
- The denominator for intensity calculation in property investment has been changed from revenue to occupied area (sq. ft.).
- The denominator for intensity calculation in Automotive division has been changed from revenue to unit of car sales.

Energy Management		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Absolute Energy Consumption (MJ)	2,305,864,209.16	2,321,382,255.93
GHG Emissions Intensity (MJ/ RM'million Revenue)	477,625.56	528,550.58

- The electricity consumption for hospitality was undercalculated by 9,755,643.60 MJ.
- The electricity consumption for Automotive division was undercalculated by 933,634.81 MJ.
- The energy consumption from the corporate head office, amounting to 4,828,768.37 MJ is incorporated to the absolute energy consumption figure.
- The denominator for intensity calculation in property investment has been changed from revenue to occupied area (sq. ft.).
- The denominator for intensity calculation in Automotive division has been changed from revenue to unit of car sales.

Water Withdrawal and Water Consumption		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Operational Water Usage Intensity (m ³ / RM'million Revenue)	244.56	268.82

Change in intensity figure due to adjustment in the denominator used for calculating property investment intensity from revenue to occupied area (sq. ft.).

We have identified an inadvertent calculation error in our reported rainwater harvested figures for FY2022 and FY2023 in the Plantation division. Upon review, we have corrected the data to reflect the actual water withdrawal and water consumption across our operations.

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
All Employees	Percentage	No Data Provided	70.00 *	67.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,940,889.47	2,402,478.61	2,816,890.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3,563	27,419	11,496
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0.50	0.20	1.60
Management Between 30-50	Percentage	56.00	60.00	62.40
Management Above 50	Percentage	43.60	39.80	36.00
Executive Under 30	Percentage	17.40	15.70	17.80
Executive Between 30-50	Percentage	66.10	68.80	69.60
Executive Above 50	Percentage	16.50	15.50	12.60
Non-executive/Technical Staff Under 30	Percentage	13.40	41.60	28.80
Non-executive/Technical Staff Between 30-50	Percentage	70.70	48.20	60.70

Internal assurance

External assurance

No assurance

(*)Restated

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Diversity)				
Non-executive/Technical Staff Above 50	Percentage	15.90	10.20	10.50
General Workers Under 30	Percentage	36.70	35.60	32.90
General Workers Between 30-50	Percentage	54.30	54.50	56.10
General Workers Above 50	Percentage	9.00	9.90	11.00
Gender Group by Employee Category				
Management Male	Percentage	67.20	65.70	59.40
Management Female	Percentage	32.80	34.30	40.60
Executive Male	Percentage	44.00	46.70	53.50
Executive Female	Percentage	56.00	53.30	46.50
Non-executive/Technical Staff Male	Percentage	46.40	75.40	42.90
Non-executive/Technical Staff Female	Percentage	53.60	24.60	57.10
General Workers Male	Percentage	67.10	67.30	67.70
General Workers Female	Percentage	32.90	32.70	32.30
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	90.00	88.90	88.90
Female	Percentage	10.00	11.10	11.10
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00

Bursa (Energy management)

Bursa C4(a) Total energy consumption	Megawatt	612,888.13 *	644,828.40 *	692,949.73
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Bursa (Health and safety)

Bursa C5(a) Number of work-related fatalities	Number	0	0	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.21	1.65	2.53

Internal assurance

External assurance

No assurance

(*)Restated

Note: Information about the board of directors is based on the end of the reporting period (as of 31st December 2024).

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Health and safety)				
Bursa C5(c) Number of employees trained on health and safety standards	Number	350	794	1,822
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	5,206	6,258	11,919
Executive	Hours	8,903	6,402	29,143
Non-executive/Technical Staff	Hours	10,095	9,264	45,279
General Workers	Hours	No Data Provided	No Data Provided	6,096
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	0.00	0.25
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	-	76	88
Executive	Number	-	242	106
Non-executive/Technical Staff	Number	-	416	53
General Workers	Number	-	1,701	2,146
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	62.92	67.19	86.45
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

Internal assurance

External assurance

No assurance

(*)Restated

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	1,415.150000 *	1,750.240000 *	2,303.710000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	314,939.05
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	314,052.28
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	886.77
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	122,738.77
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	57,082.49
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	30,949.67

Internal assurance

External assurance

No assurance

(*)Restated

GRI CONTENT INDEX

Statement of use	Hap Seng Consolidated Berhad has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	6 - 47
	2-2	Entities included in the organisation's sustainability reporting	79
	2-3	Reporting period, frequency and contact point	79
	2-4	Restatements of information	130
	2-5	External assurance	79
	2-6	Activities, value chain and other business relationships	6 - 47
	2-7	Employees	121 - 122
	2-9	Governance structure and composition	48 - 55, 94
	2-10	Nomination and selection of the highest governance body	48 - 55, 94
	2-11	Chair of the highest governance body	48 - 55, 94
	2-12	Role of the highest governance body in overseeing the management of impacts	48 - 55, 94
	2-13	Delegation of responsibility for managing impacts	48 - 55, 94
	2-14	Role of the highest governance body in sustainability reporting	94
	2-15	Conflicts of interest	48 - 55
	2-16	Communication of critical concerns	96
	2-17	Collective knowledge of the highest governance body	48 - 55
	2-18	Evaluation of the performance of the highest governance body	66
	2-19	Remuneration policies	65
	2-20	Process to determine remuneration	65
	2-23	Policy commitments	96
	2-24	Embedding policy commitments	96
	2-25	Processes to remediate negative impacts	96
	2-26	Mechanisms for seeking advice and raising concerns	96, 125
	2-27	Compliance with laws and regulations	96
	2-28	Membership associations	84
	2-29	Approach to stakeholder engagement	91 - 92

GRI CONTENT INDEX

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.	
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	87	
	3-2	List of material topics	87	
Corporate Governance, Transparency and Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	94 - 96	13.24.1 13.26.1
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	95	13.26.2
	205-2	Communication and training about anti-corruption policies and procedures	95	13.26.3
	205-3	Confirmed incidents of corruption and actions taken	95	13.26.4
GRI 415: Public Policy 2016	415-1	Political contributions	96	13.24.2
Data Privacy and Security				
GRI 3: Material Topics 2021	3-3	Management of material topics	97	13.24.2
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	97	
Economic Performance				
GRI 3: Material Topics 2021	3-3	Management of material topics	98	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3 & 165	13.22.2
Quality Products & Services				
GRI 3: Material Topics 2021	3-3	Management of material topics	98 - 99	13.10.1
GRI 13.10 Food safety	13.10.4	Percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards	98	
Supply Chain Management				
Supporting Small & Medium Enterprises				
GRI 3: Material Topics 2021	3-3	Management of material topics	99 - 100	13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	99 - 100	13.22.3
	203-2	Significant indirect economic impacts	99 - 100	13.22.4
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	99 - 100	

GRI CONTENT INDEX

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
Emissions Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	101 - 111	13.1.1 13.2.1
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	107	13.1.2
	305-2 Energy indirect (scope 2) GHG emissions	107	13.1.3
	305-3 Other indirect (scope 3) GHG emissions	110 - 111	13.1.4
	305-4 GHG emissions intensity	108	13.1.5
	305-5 Reduction of GHG emissions	108	13.1.6
Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	112 - 114	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	112 - 114	
	302-3 Energy intensity	113	
	302-4 Reduction of energy consumption	112 - 114	
Waste Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	115 - 116	13.5.1 13.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	115 - 116	13.8.2
	306-2 Management of significant waste-related impacts	115 - 116	13.8.3
	306-3 Waste generated	115	13.8.4
	306-4 Waste diverted from disposal	115	13.8.5
	306-5 Waste directed to disposal	115	13.8.6
Water Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	116 - 119	13.6.1 13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	116 - 119	13.7.2
	303-2 Management of water discharge-related impacts	116 - 119	13.7.3
	303-3 Water withdrawal	118	13.7.4
	303-4 Water discharge	118	13.7.5
	303-5 Water consumption	118	13.7.6
GRI 13.6: Pesticides Use	13.6.1 Pest management plan and actions taken to prevent, minimise and remediate negative impacts, and plans to switch to less hazardous pesticides	119	
	13.6.2 Volume and intensity of pesticide use by toxicity hazard levels	Please refer to HSP SR, Pg 36	

GRI CONTENT INDEX

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	120	13.3.1 13.4.1 13.23.1
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	120	13.3.3
	304-3 Habitats protected or restored	Information unavailable	13.3.4
GRI 13.4: Natural Ecosystem Conversion	13.4.3 Assessment method and percentage of production volume sourced from own land determined to be deforestation-free	120	
Labour Practices and Standards			
GRI 3: Material Topics 2021	3-3 Management of material topics	121 - 124	13.16.1 13.18.1 13.20.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	123	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	123	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	124	
	404-2 Programs for upgrading employee skills and transition aid programs	124	
	404-3 Percentage of employees receiving regular performance and career development reviews	124	
Diversity and Inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	121 - 123, 125	13.15.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	121	13.15.2
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	122 & 125	13.15.4

GRI CONTENT INDEX

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	125 - 126	13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	125 - 126	13.19.2
GRI 3: Material Topics 2021	403-2 Hazard identification, risk assessment, and incident investigation	125 - 126	13.19.3
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	126	13.19.5
	403-5 Worker Training on Occupational Health and Safety	126	13.19.6
	403-9 Work-related injuries	126	13.19.10
	403-10 Work-related ill health	126	13.19.11
Community/ Society			
GRI 3: Material Topics 2021	3-3 Management of material topics	127 - 129	13.12.1 13.14.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	127 - 129	
	203-2 Significant indirect economic impacts	127 - 129	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	127 - 129	13.12.2
GRI 13.13: Land and Resource Rights	13.13.1 Commitments to respect land and natural resource rights	129	
GRI 13.14: Rights of Indigenous Peoples	13.14.1 Approach to engaging with Indigenous peoples	129	

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company are responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

- (a) used appropriate accounting policies and applied them on a consistent basis;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the audited financial statements on going concern basis.

The Directors are also responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016 and take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities and other information relating to the subsidiaries, associates and joint ventures are disclosed in Notes 6, 7 and 8 to the financial statements, respectively.

RESULTS

The results of the Group and of the Company for the financial year ended 31 December 2024 are as follows:

	Group RM'000	Company RM'000
Profit before tax	1,105,166	658,347
Tax expense	(333,150)	(881)
Profit for the year	772,016	657,466
Attributable to:		
Owners of the Company	650,480	657,466
Non-controlling interests	121,536	-
Profit for the year	772,016	657,466

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

There were no changes in the issued share capital of the Company during the financial year.

DIRECTORS' REPORT

TREASURY SHARES

At the annual general meeting of the Company held on 29 May 2024, shareholders of the Company renewed the then existing authorisation to the Company to repurchase its own shares.

During the financial year, the Company did not purchase any of its own shares. As at 31 December 2024, the Company held total of 12,000 ordinary shares as treasury shares.

MATERIAL LITIGATIONS

Details of material litigations are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events are disclosed in Note 44 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 45 to the financial statements.

DIVIDENDS

During the financial year, the following dividends were declared by the Company:

	RM'000
In respect of the financial year ended 31 December 2024:	
- First interim dividend of 10 sen per ordinary share under the single tier system approved by the Board of Directors on 29 May 2024 and paid on 27 June 2024	248,967
- Second interim dividend of 10 sen per ordinary share under the single tier system approved by the Board of Directors on 21 November 2024 and paid on 19 December 2024	248,967
	497,934

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2024.

No dividend is payable for treasury shares held or cancelled.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Thomas Karl Rapp
Datuk Edward Lee Ming Foo, JP **
Cheah Yee Leng**
Datuk Simon Shim Kong Yip, JP**
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah
Tan Boon Peng
Wong Yoke Nyen
Lee Wee Yong** (Retired on 31 December 2024)
Leow Ming Fong @ Leow Min Fong (Resigned on 3 March 2025)

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Andrew Talling
Au Yong Siew Fah
Cheong Shan Shi
Chong Kwea Seng
Choy Khai Choon
Dato' John Chee Shi Tong
Dato' Mohammed Bin Haji Che Hussein
Datuk Hamisa Binti Samat
Eugene Lee Chin Jin
Foo Yong How
Joanne Wendy Chung
Khor Soo Beng
Low Kok Ann
Low See Ching
Ng Hock Hooi
Paul Gregory Betar
Puan Chen Keck
Rosmin Bin Wan Mohamed
Sheikh Mohd Faliq Bin Sheikh Mohamad Nasimuddin Kamal
Stanley Chee Tze Yuan
Tan Sri Amirsham Bin A Aziz
Thai Chong Yim
Tong Chin Hen
Voon Thau Vui
Yap Chai Soon

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are: (continued)

Pang Min Hiung	(Appointed on 24 January 2024)
Azman Bin Haji Ibrahim	(Appointed on 28 May 2024)
Darell Lim Chee Lek	(Appointed on 12 July 2024)
Lim Wah Fung	(Appointed on 12 July 2024)
Lee Yee Fei	(Appointed on 30 September 2024)
Nur Farahin Binti Ja'afar	(Appointed on 21 November 2024)
Ng Boon Kong	(Appointed on 31 December 2024)
David Wan Young Yin	(Resigned on 24 January 2024)
Ong Beng Chye	(Resigned on 25 April 2024)
Terrance Tan Kong Hwa	(Resigned on 25 April 2024)
Tay Eng Kiat Jackson	(Resigned on 30 September 2024)
Yong Teak Jan @ Yong Teck Jan	(Resigned on 31 December 2024)
Harald Uwe Behrend	(Retired on 31 December 2024)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			As at 31.12.2024
	As at 1.1.2024	Acquired	Sold	
Hap Seng Plantations Holdings Berhad, a listed subsidiary				
Datuk Simon Shim Kong Yip, JP	180,000	-	-	180,000

None of the other directors of the Company in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than as disclosed in Note 43 to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	1,262	940
Other emoluments	9,380	7,964
Benefits-in-kind	153	153
	10,795	9,057

INDEMNITY AND INSURANCE COSTS

The directors and officers of the Company are covered by Directors and Officers Liability Insurance which is maintained on a group basis by the Company in respect of liabilities arising from acts committed in their respective capacity as, inter alia, directors and officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the directors and officers of the Group during the year was RM100 million whilst the total amount of premium paid was RM140,000.

HOLDING COMPANY

The immediate and ultimate holding company is Gek Poh (Holdings) Sdn Bhd, a company incorporated in Malaysia.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision for doubtful debts had been made for trade and other receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the Group and the Company for the current financial year are RM1,200,000 and RM210,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 April 2025.

DATUK EDWARD LEE MING FOO, JP

CHEAH YEE LENG

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATUK EDWARD LEE MING FOO, JP** and **CHEAH YEE LENG**, being two of the directors of **HAP SENG CONSOLIDATED BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 158 to 285 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 April 2025.

DATUK EDWARD LEE MING FOO, JP

CHEAH YEE LENG

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **TAN BOON SIONG**, being the person primarily responsible for the financial management of **HAP SENG CONSOLIDATED BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 158 to 285 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovementioned **TAN BOON SIONG**, MIA CA 44989
at Kuala Lumpur in the Federal Territory
on 22 April 2025.

TAN BOON SIONG

Before me,
AMIR BIN ISMAIL
(W 800)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hap Seng Consolidated Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 158 to 285.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

Key audit matters (continued)

Key audit matters in respect of the financial statements of the Group

(a) Valuation of investment properties

As at 31 December 2024, the carrying amount of investment properties of the Group is approximately RM2,978 million, which represented 25% of the total non-current assets of the Group. The Group carries its investment properties at fair value as disclosed in Note 5 to the financial statements. The management uses independent professional valuers to support its determination of the fair value of the investment properties annually.

We identified the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility and design, estimated rental value per square foot, expected market rental growth, yield rate, outgoings rate, void rate, reversion rate and discount rate and market knowledge.

The Group recognised a net loss from changes in fair value of approximately RM32 million for the financial year ended 31 December 2024 as disclosed in Note 5 to the financial statements.

In addressing this area of focus, we have performed the following procedures and reviewed the following procedures performed by component auditor:

- evaluated the objectivity, competency and capabilities of the valuers;
- obtained an understanding of the valuation methodologies used by the valuers in determining the fair values of investment properties and assessed whether the valuation methodology is consistent with those used in prior year and whether it is commonly used for the type of investment property being valued;
- had discussions with the independent professional valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate;
- assessed the reasonableness of the property related data by corroborating those data used in the valuation to available market data;
- tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged amongst others, rental income data and yield rate by comparing them with available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and held further discussions with the valuers; and
- assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar risk profile.

In addition, we evaluated the adequacy of the disclosures of each key judgement and estimate to which the fair value is most sensitive, as disclosed in Note 5 to the financial statements.

The notes relating to investment properties are disclosed in Notes 2.7, 3.2(c), 5 and 40(b) to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

Key audit matters (continued)

Key audit matters in respect of the financial statements of the Group (continued)

(b) Expected credit losses on hire purchase receivables and loan receivables

The carrying amount of hire purchase receivables and loan receivables arising from the credit financing segment of the Group as at reporting date were approximately RM687 million and RM1,002 million respectively. MFRS 9 Financial instruments requires the Group's impairment losses for trade receivables to be based on expected credit loss ("ECL") model which takes into account reasonable and supportable forward-looking information rather than an incurred loss model. The Group has put in place controls over the estimation of ECL for these trade receivables.

The assessment of ECL on hire purchase receivables and loan receivables is an area of audit focus as the assessment involved significant judgement and estimates and the uncertainty inherent in the estimation process.

The key management-determined judgement and estimates used in the calculation of the ECL are:

- criteria to determine a significant increase in credit risk ("SICR");
- techniques used in determining the probability of defaults ("PD") and loss given default ("LGD"); and
- forward looking assumptions.

There is also an added layer of complexity in the judgement and estimates as the use of hindsight by management is not permitted. Furthermore, the significant use of data to derive the estimates for the ECL impairment model increases the risk of incomplete or inaccurate data.

As at 31 December 2024, the Group has recognised approximately RM14 million in allowance for expected credit losses for hire purchase receivables and loan receivables.

In addressing this area of focus, we have performed the following procedures and reviewed the following procedures performed by component auditor:

- evaluated the methodologies, inputs and assumptions used by management in the calculation of the ECL model;
- evaluated the appropriateness of the determination of SICR in accordance with the standard and the resultant basis for classification of various exposures into various stages;
- evaluated the techniques used in the calculation of PD and LGD; and
- assessed whether the financial statements disclosures appropriately reflect the Group's exposure to credit risk.

The notes relating to the ECL for hire purchase receivables and loan receivables are disclosed in Notes 2.13, 3.2(e), 11 and 41(d)(i) to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

Key audit matters (continued)

Key audit matters in respect of the financial statements of the Company

(a) Impairment assessment of investments in subsidiaries

As at 31 December 2024, the carrying amount of the investment in subsidiaries of the Company amounted to approximately RM6,166 million, representing 99% and 95% of the Company's total non-current assets and total assets respectively.

At the reporting date, the Company reviewed its investments in subsidiaries for indicators of impairment. Where such indicators existed, the Company performed an impairment assessment to determine the recoverable amounts of these investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on higher of its fair value less cost to sell ("FVLCS") or its value-in-use ("VIU"). For FVLCS method, the management engaged independent professional valuer. For VIU method, the management computed the future cash inflows and outflows expected to be derived from the CGU and discounted them at an appropriate rate.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the investment in subsidiaries.

To the extent that management relied on valuation reports provided by independent professional valuer, our procedures to address this area of focus included, amongst others, the following:

- assessed the valuer's independence, competency and objectivity, taking into account the component team's assessment and our own evaluation of the component team's capabilities;
- obtained an understanding through the component team of the valuation methodologies used by the valuer in determining the fair values of non-current assets and assessed whether the valuation methodology is consistent with those used in prior year and whether it is commonly used for the type of non-current assets being valued to arrive at the adjusted net assets of the subsidiary;
- reviewed the results of discussions between component team and the independent valuer on the property related data used as input to the valuation models which included, among others, were the adjustments for size, location, category of land use, tenure and transaction date;
- reviewed the results of the component team's reasonableness testing of the non-current assets related data where they corroborated those data used in the valuation to available market data; and
- reviewed and assessed the Company's disclosures relating to the impairment of investment in subsidiaries.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

Key audit matters (continued)

Key audit matters in respect of the financial statements of the Company (continued)

(a) Impairment assessment of investments in subsidiaries (continued)

For the valuation using VIU method, our procedures to address this area of focus included, amongst others, the following:

- evaluated management's key assumptions on projected revenue, profit margins and terminal growth rates, by considering the current and expected future economic conditions, then we compared the projected revenue to the past trends and compared expected revenue growth rates to relevant future market demand;
- evaluated management's estimates of replacement of capital expenditure included in the terminal cash flow by considering the historical replacement cycle and costs incurred, as well as the expected cost escalation;
- evaluated the discount rate used to determine the present value of the cash flows and assessed whether the rate used reflects the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset;
- assessed the sensitivity of the cash flows to changes in the key assumptions to understand the impact that reasonable alternative assumptions would have on the overall recoverable amount; and
- evaluated the adequacy of the Company's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment assessment is most sensitive.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD
(INCORPORATED IN MALAYSIA)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Yee Yee
No. 03176/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current assets					
Property, plant and equipment	4	4,872,494	4,650,184	142	235
Investment properties	5	2,977,669	2,775,011	-	-
Investment in subsidiaries	6	-	-	6,166,399	5,893,519
Investment in associates	7	500,431	500,795	68,955	70,990
Investment in joint ventures	8	3,285	672	-	-
Land held for property development	9	2,606,067	2,628,022	-	-
Intangible assets	10	63,364	67,248	-	-
Trade and other receivables	11	1,034,728	1,170,257	-	-
Other financial assets	12	933	1,314	-	-
Deferred tax assets	24	44,147	67,356	-	-
		12,103,118	11,860,859	6,235,496	5,964,744
Current assets					
Inventories	13	1,485,319	1,608,515	-	-
Property development costs	14	302,360	107,191	-	-
Biological assets	15	64,623	20,433	-	-
Trade and other receivables	11	1,317,147	1,435,075	435	434
Contract assets	16	15,183	13,272	-	-
Tax recoverable		92,945	130,070	1,192	338
Other financial assets	12	5,066	54,287	-	-
Money market deposits	17	1,769,613	1,146,549	246,662	348,498
Cash and bank balances	18	1,880,151	2,274,383	5,357	97,648
		6,932,407	6,789,775	253,646	446,918
Total assets		19,035,525	18,650,634	6,489,142	6,411,662

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Equity attributable to owners of the Company					
Share capital	25	3,519,554	3,519,554	3,519,554	3,519,554
Reserves	26	4,459,534	4,357,006	2,514,413	2,354,881
		7,979,088	7,876,560	6,033,967	5,874,435
Less: Treasury shares	25	(113)	(113)	(113)	(113)
		7,978,975	7,876,447	6,033,854	5,874,322
Non-controlling interests	6(a)	1,441,236	1,398,287	-	-
Total equity		9,420,211	9,274,734	6,033,854	5,874,322
Non-current liabilities					
Trade and other payables	19	22,730	186,199	449,710	530,600
Contract liabilities	16	-	37,028	-	-
Employee benefits	21	1,078	1,412	-	-
Borrowings	22	4,794,407	4,141,221	-	-
Lease liabilities	23	109,238	109,387	-	11
Other financial liabilities	12	17,108	-	-	-
Deferred tax liabilities	24	498,993	497,478	4	25
		5,443,554	4,972,725	449,714	530,636
Current liabilities					
Trade and other payables	19	1,294,267	1,216,684	5,564	6,688
Contract liabilities	16	98,464	76,327	-	-
Provisions	20	356,610	319,321	-	-
Tax payable		38,405	64,108	-	-
Borrowings	22	2,362,385	2,693,040	-	-
Lease liabilities	23	20,801	24,609	10	16
Other financial liabilities	12	828	9,086	-	-
		4,171,760	4,403,175	5,574	6,704
Total liabilities		9,615,314	9,375,900	455,288	537,340
Total equity and liabilities		19,035,525	18,650,634	6,489,142	6,411,662

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	27	5,630,715	6,086,118	697,461	690,309
Cost of sales	27	(3,786,353)	(4,740,635)	-	-
Gross profit		1,844,362	1,345,483	697,461	690,309
Other operating income		261,123	223,485	12,093	35,382
Distribution costs		(308,341)	(291,910)	-	-
Administrative expenses		(353,859)	(344,872)	(24,376)	(27,798)
Other operating expenses		(172,134)	(247,125)	(9,313)	(156)
		1,271,151	685,061	675,865	697,737
Finance costs	28	(183,941)	(206,296)	(23,381)	(29,408)
Other gain items	29	-	600,284	13,279	13,835
Other loss items	29	(11,137)	(11,094)	(7,416)	-
Share of results of associates	7	26,410	32,992	-	-
Share of results of joint ventures	8	2,683	972	-	-
Profit before tax	30	1,105,166	1,101,919	658,347	682,164
Tax expense	33	(333,150)	(193,427)	(881)	(4,504)
Profit for the year		772,016	908,492	657,466	677,660
Profit attributable to:					
Owners of the Company		650,480	800,325	657,466	677,660
Non-controlling interests	6(a)	121,536	108,167	-	-
		772,016	908,492	657,466	677,660
Earnings per share (sen)					
Basic	34	26.13	32.15		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year	772,016	908,492	657,466	677,660
Other comprehensive (loss)/income, net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(48,464)	35,077	-	-
Share of foreign currency translation differences of:				
- associates	(984)	6,074	-	-
- joint ventures	(192)	138	-	-
Foreign currency translation differences for foreign operations reclassified to profit or loss	632	(12,519)	-	-
Change in fair value of cash flow hedge	(6,867)	7,439	-	-
	(55,875)	36,209	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of property, plant and equipment prior being transferred to investment properties	-	916	-	-
Remeasurement loss on defined benefit liability	(134)	(1,382)	-	-
	(134)	(466)	-	-
Total other comprehensive (loss)/income for the year, net of tax	(56,009)	35,743	-	-
Total comprehensive income for the year, net of tax	716,007	944,235	657,466	677,660
Total comprehensive income attributable to:				
Owners of the Company	609,194	825,203	657,466	677,660
Non-controlling interests	106,813	119,032	-	-
	716,007	944,235	657,466	677,660

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	← Attributable to owners of the Company →							
	Share capital RM'000	Non-distributable RM'000	← Reserves →		Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Distributable Retained profits RM'000			Total RM'000					
Group								
At 1 January 2023	3,519,554	118,654	4,035,566	4,154,220	(113)	7,673,661	1,320,562	8,994,223
Profit for the year	-	-	800,325	800,325	-	800,325	108,167	908,492
Foreign currency translation differences for foreign operations	-	25,858	-	25,858	-	25,858	9,219	35,077
Share of foreign currency translation differences of:								
- associates	-	5,780	-	5,780	-	5,780	294	6,074
- joint ventures	-	70	-	70	-	70	68	138
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	(12,519)	-	(12,519)	-	(12,519)	-	(12,519)
Change in fair value of cash flow hedge	-	6,155	-	6,155	-	6,155	1,284	7,439
Revaluation of property, plant and equipment prior being transferred to investment properties (Note 4)	-	916	-	916	-	916	-	916
Remeasurement loss on defined benefit liability (Note 21)	-	-	(1,382)	(1,382)	-	(1,382)	-	(1,382)
Total other comprehensive income for the year	-	26,260	(1,382)	24,878	-	24,878	10,865	35,743
Total comprehensive income for the year	-	26,260	798,943	825,203	-	825,203	119,032	944,235
Acquisition of subsidiaries (Note 6(c))	-	-	-	-	-	-	15,170	15,170
Dividends (Note 35)	-	-	(622,417)	(622,417)	-	(622,417)	-	(622,417)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(56,477)	(56,477)
At 31 December 2023	3,519,554	144,914	4,212,092	4,357,006	(113)	7,876,447	1,398,287	9,274,734
	Note 25(a)			Note 26	Note 25(b)			

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	← Attributable to owners of the Company →							
	Share capital RM'000	Non-distributable RM'000	← Reserves →		Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Distributable Retained profits RM'000			Total RM'000					
Group (continued)								
At 1 January 2024	3,519,554	144,914	4,212,092	4,357,006	(113)	7,876,447	1,398,287	9,274,734
Profit for the year	-	-	650,480	650,480	-	650,480	121,536	772,016
Foreign currency translation differences for foreign operations	-	(36,267)	-	(36,267)	-	(36,267)	(12,197)	(48,464)
Share of foreign currency translation differences of:								
- associates	-	1,617	-	1,617	-	1,617	(2,601)	(984)
- joint ventures	-	(98)	-	(98)	-	(98)	(94)	(192)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	632	-	632	-	632	-	632
Change in fair value of cash flow hedge	-	(7,036)	-	(7,036)	-	(7,036)	169	(6,867)
Remeasurement loss on defined benefit liability (Note 21)	-	-	(134)	(134)	-	(134)	-	(134)
Total other comprehensive loss for the year	-	(41,152)	(134)	(41,286)	-	(41,286)	(14,723)	(56,009)
Total comprehensive income for the year	-	(41,152)	650,346	609,194	-	609,194	106,813	716,007
Transfer to retained profits	-	14,966	(14,966)	-	-	-	-	-
Changes in ownership interest in subsidiaries (Note 6 (d))	-	-	(8,732)	(8,732)	-	(8,732)	(4,808)	(13,540)
Dividends (Note 35)	-	-	(497,934)	(497,934)	-	(497,934)	-	(497,934)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(59,056)	(59,056)
At 31 December 2024	3,519,554	118,728	4,340,806	4,459,534	(113)	7,978,975	1,441,236	9,420,211
	Note 25(a)			Note 26		Note 25(b)		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	Reserves Distributable Retained profits RM'000	Treasury shares RM'000	Total equity RM'000
Company				
At 1 January 2023	3,519,554	2,299,638	(113)	5,819,079
Profit for the year	-	677,660	-	677,660
Dividends (Note 35)	-	(622,417)	-	(622,417)
At 31 December 2023/1 January 2024	3,519,554	2,354,881	(113)	5,874,322
Profit for the year	-	657,466	-	657,466
Dividends (Note 35)	-	(497,934)	-	(497,934)
At 31 December 2024	3,519,554	2,514,413	(113)	6,033,854
	Note 25(a)	Note 26	Note 25(b)	

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before tax	1,105,166	1,101,919	658,347	682,164
Adjustments for:				
Depreciation of property, plant and equipment	210,195	209,095	93	156
Amortisation of intangible assets	2,928	2,359	-	-
Property, plant and equipment written off	2,630	4,390	-	-
Investment properties written off	203	1,321	-	-
Bad debts written off	149	111	-	-
Employee benefits	(379)	(666)	-	-
Loss/(gains) on equity investment at fair value through profit or loss	309	(7)	-	-
Net loss from fair value adjustments of investment properties	31,957	99,090	-	-
Net (gain)/loss from fair value adjustments of biological assets	(44,190)	8,075	-	-
Gain on money market deposits at fair value	(44,258)	(36,349)	(8,069)	(12,053)
Impairment loss on:				
- investment in associates	10,505	11,094	2,035	-
- investment in a subsidiary	-	-	5,381	-
- property, plant and equipment	1,173	12,309	-	-
- intangible assets	2,952	-	-	-
- trade receivables	9,252	64,865	-	-
- net investment in lease	356	-	-	-
(Net reversal of inventories written down)/net inventories written down	(28,592)	53,931	-	-
Reversal of provisions	(604)	(303)	-	-
Reversal of impairment loss on:				
- investment in associates	-	-	-	(5,201)
- investment in subsidiaries	-	-	-	(8,634)
- trade receivables	(1,998)	(21,165)	-	-
Loss/(gain) on disposal of subsidiaries	632	(600,284)	-	-
Gain on disposal of equity interest in a subsidiary	-	-	(13,279)	-
Gain on remeasurement of a joint venture to a subsidiary	(1,497)	(26,143)	-	-
Loss/(gain) on disposal of property, plant and equipment	1,158	(1,894)	-	-
Gain on disposal of investment properties	(11,827)	-	-	-
Interest expense	183,941	206,296	23,381	29,408
Interest income	(65,459)	(50,380)	(3,624)	(11,738)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities (continued)				
Dividend income	(10,201)	(23,021)	(697,816)	(698,469)
Share of results of associates	(26,410)	(32,992)	-	-
Share of results of joint ventures	(2,683)	(972)	-	-
Negative goodwill arising from bargain purchase	(1,739)	-	-	-
Unrealised foreign exchange loss/(gain)	12,039	(17,300)	9,237	(19,829)
	1,335,708	963,379	(24,314)	(44,196)
Changes in working capital:				
Inventories	125,763	416,135	-	-
Property development costs	(16,648)	(10,340)	-	-
Loan receivables	253,910	263,964	-	-
Receivables	(39,092)	321,149	(1)	(868)
Contract assets	(1,911)	9,148	-	-
Payables	(108,326)	(70,079)	(81,666)	(400,570)
Contract liabilities	(14,891)	(22,410)	-	-
Provisions	38,084	1,234	-	-
	1,572,597	1,872,180	(105,981)	(445,634)
Cash flows generated from/(used in) operations				
Income tax paid	(304,632)	(211,387)	(1,756)	(4,535)
Income tax refunded	11,308	13,601	-	2,919
Interest paid	(317,866)	(312,258)	(23,729)	(29,784)
Interest received	63,461	47,682	3,624	13,179
Net changes in land held for property development	(61,539)	(77,773)	-	-
Net cash flows generated from/(used in) operating activities	963,329	1,332,045	(127,842)	(463,855)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	29,859	7,709	-	-
Proceeds from disposal of investment properties	25,868	-	-	-
Proceeds from disposal of interest in a subsidiary (Note 6(d)(ii) and 6(e)(ii))	300	-	27,379	-
Proceeds from redemption of equity investment at fair value through other comprehensive income	-	15,000	-	-
Disposal of subsidiaries (Note 6(b))	310	831,836	-	-
Dividends received from subsidiaries	-	-	692,744	686,655

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities (continued)				
Dividends received from associates	15,285	14,690	4,717	3,654
Dividends received from equity investment at fair value through other comprehensive income	-	1,804	-	-
Dividends received from money market deposits	10,201	22,279	355	8,160
Purchase of property, plant and equipment	(521,883)	(434,978)	-	-
Acquisition of subsidiaries (Note 6(c))	-	2,155	-	-
Acquisition of shares from non-controlling interests (Note 6(d)(i))	(15,771)	-	-	-
Additions to investment properties	(168,139)	(482,299)	-	-
(Increase)/decrease in money market deposits	(577,557)	332,908	111,154	395,868
Increase in investment in subsidiaries (Note 6(e)(i))	-	-	(492,000)	(349,715)
Capital reduction in subsidiaries (Note 6(e)(iii))	-	-	199,639	276,875
Net cash flows (used in)/generated from investing activities	(1,201,527)	311,104	543,988	1,021,497
Cash flows from financing activities				
Dividends paid	(497,934)	(622,417)	(497,934)	(622,417)
Dividends paid to non-controlling interests	(59,056)	(56,477)	-	-
Net drawdown/(repayment) of borrowings (Note 22(d))	431,851	(100,940)	-	-
Payment of lease liabilities (Note 22(d))	(28,281)	(24,939)	(17)	(14)
Net cash flows used in financing activities	(153,420)	(804,773)	(497,951)	(622,431)
Net (decrease)/increase in cash and cash equivalents	(391,618)	838,376	(81,805)	(64,789)
Effects on exchange rate changes on cash and cash equivalents	(2,614)	4,027	(10,486)	667
Cash and cash equivalents as at 1 January	2,274,383	1,431,980	97,648	161,770
Cash and cash equivalents as at 31 December (Note 18)	1,880,151	2,274,383	5,357	97,648

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 6, 7 and 8, respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The immediate and ultimate holding company is Gek Poh (Holdings) Sdn Bhd which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 April 2025.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ["RM"] and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes arising from the adoption of the following MFRS and amendments that are mandatory for annual periods beginning on or after 1 January 2024.

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flow and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The following are accounting standards and amendments that have been issued by the MASB but have not been adopted by the Group and the Company:

Standards/Amendments	Effective date
Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 9, Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments	1 January 2026
Amendments that are part of Annual Improvements – Volume 11:	1 January 2026
<ul style="list-style-type: none"> • Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards • Amendments to MFRS 7, Financial Instruments: Disclosures • Amendments to MFRS 9, Financial Instruments • Amendments to MFRS 10, Consolidated Financial Statements • Amendments to MFRS 107, Statement of Cash Flows 	
Amendments to MFRS 9, Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19, Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Asset between an Investor and its Associates or Joint Venture	Yet to be confirmed

The Group and the Company plan to adopt the abovementioned accounting standards or amendments when they become effective in the respective financial periods. The Group and the Company do not expect material impact on the financial statements in the period of initial application.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates [“the functional currency”]. The consolidated financial statements are presented in RM, which is also the Company’s functional currency.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Oil palms are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, maintenance and upkeep of oil palms are expensed to profit or loss. Depreciation for bearer plants commence when oil palms reach maturity.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation commences when bearer plants mature and when assets under construction are ready for their intended use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, except for quarry infrastructure which is depreciated based on the production volume method. The estimated useful lives are:

Buildings	10 to 50 years
Roads and infrastructure (except quarry infrastructure)	10 to 100 years
Plant and equipment	
- Plant and machinery	4 to 30 years
- Office equipment, furniture, fixtures and fittings	3 to 10 years
- Motor vehicles	4 to 7 years
Bearer plants	22 years

2.6 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is determined based on valuations performed by registered independent valuers. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties (continued)

Investment property under construction ["IPUC"] is measured at fair value when the fair value is reliably determinable. The fair values of IPUC were determined based on the valuation performed by registered independent valuer. IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

2.8 Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Investment in associates and joint ventures

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

2.10 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower of cost and net realisable value.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

(b) Customer relationship

Customer relationship being the cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over its estimated useful lives of 5 to 13.2 years.

(c) Distributor rights

Distributor rights being the cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over its estimated useful lives of 15 years.

(d) Trademark

Trademark being the cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over its estimated useful lives of 6 years.

2.12 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ["OCI"] and fair value through profit or loss.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets at amortised cost (debt instruments)

The Group's and the Company's financial assets at amortised cost include receivables (excluding prepayments and advances paid to the suppliers), deposits and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(b) Subsequent measurement (continued)

For purposes of subsequent measurement, financial assets are classified in three categories: (continued)

- (ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

This category includes derivative instruments.

- (iii) Financial assets at fair value through profit and loss

This category includes derivative instruments.

2.13 Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating expected credit losses ["ECL"]. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Definition of default and credit-impaired financial assets

The Group considers a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Groupings of instruments for ECL measured on collective basis

- (i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

- (ii) Individual assessment

Trade and other receivables that are in default or credit impaired are assessed individually.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- (i) Disclosures for significant assumptions in Note 3
- (ii) Trade receivables in Note 11

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally as follows:

Properties held for sale	- specific identification method
Raw materials	- weighted average cost method
Produce inventories	- weighted average cost method
Work-in-progress	- weighted average cost method
Finished goods	
- vehicle and equipment	- specific identification method
- others	- weighted average cost method

2.15 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

2.16 Revenue and other income

(a) Revenue from contracts with customers

(i) Sale of plantation produce

Revenue from sale of plantation produce are derived from sales of crude palm oil, palm kernel and fresh fruit bunches. Revenue from sale of plantation produce is recognised at a point in time when control of the goods is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue and other income (continued)

(a) Revenue from contracts with customers (continued)

(ii) Sale of goods and services

The Group or the Company transfers control of a goods or service at a point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(iii) Sale of properties under development

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.15.

(iv) Sale of land and completed properties

Revenue from sale of land and completed properties held for resale is recognised in profit or loss when the significant control has been transferred to the buyer.

(b) Revenue from other sources

(i) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ii) Hire purchase, finance lease and loan receivables

Income on hire purchase and finance leases is recognised using the effective interest rate method. Interest income on term loans is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either daily or monthly. Where the repayment of an account is in arrears for three months or more, the uncollected interest from that account is suspended until it is realised on a cash basis.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits - Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using projected unit credit method.

2.18 Leases

(a) Recognition and initial measurement

(i) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

(b) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	59 to 999 years
Prepaid lease payments	12 to 87 years
Rented land	2 to 60 years
Buildings	2 to 10 years
Plant and equipment	
- Office equipment, furniture, fixtures and fittings	3 to 6 years
- Motor vehicles	1 to 5 years
Roads and infrastructure	3 to 10 years

The lease liability is measured at amortised cost using the effective interest method.

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The net investment in the lease is subject to impairment.

2.19 Financial liabilities

Initial recognition and subsequent measurement

The categories of financial liabilities at initial recognition are as follows:

(a) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (continued)

Initial recognition and subsequent measurement (continued)

The categories of financial liabilities at initial recognition are as follows: (continued)

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.21 Derivative financial instrument and hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. Such derivatives including forward currency contracts and cross currency interest rate swaps, are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- (i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- (ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges

The Group hedges its exposure to foreign currency risk and/or interest rate risk arising from firm borrowings. Refer to Note 12 for more details.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Material litigations

The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the reporting date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements. Further details of the material litigations involving the Group are disclosed in Note 39.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-current assets

Intangible assets – Goodwill

Goodwill is tested for impairment at each reporting period and at other times when such indicators exist. The recoverable amounts of the CGUs have been determined based on fair value less costs to sell ["FVLCS"] and value-in-use ["VIU"] methods.

For recoverable amounts determined based on FVLCS, management engaged an independent professional valuer. When VIU calculations are undertaken, management estimated the future cash flows from the CGU and chose a suitable discount rate in order to calculate the present values of those cash flows.

Further details of the carrying value, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 10.

Other non-current assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ["FVLCD"] or its VIU. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a discounted cash flow ["DCF"] model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(a) Impairment of non-current assets (continued)

Other non-current assets (continued)

(i) Property, plant and equipment

During the financial year, the Group recognised an impairment loss on property, plant and equipment of RM1,173,000 (2023: RM12,309,000). The key assumptions used to determine the recoverable amount for the different CGUs, including sensitivity analysis, are disclosed in Note 4.

(ii) Investment in subsidiaries

During the financial year, the Company recognised an impairment loss on investment in a subsidiary of RM5,381,000 (2023: Reversal of impairment loss on investment in subsidiaries RM8,634,000) as disclosed in Note 6(f).

(iii) Investment in associates

During the financial year, the Group recognised an impairment loss on investment in associates of RM10,505,000 (2023: RM11,094,000) whilst the Company recognised an impairment loss on investment in associates of RM2,035,000 (2023: Reversal of impairment loss of RM5,201,000) as disclosed in Note 7.

(b) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ["IBR"] to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(c) Fair value on investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value for investment properties. Fair value is arrived at using comparison method, cost method or investment method and the key assumptions used to determine the fair value of the properties and sensitivity analysis are disclosed in Note 5.

(d) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14.

(e) Provision of expected credit loss of trade and other receivables

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risk, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the trade and other receivables are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(f) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount of timing of future taxable income. Given the variety of businesses in various countries, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As of 31 December 2024, the Group has recognised deferred tax assets of RM44,147,000 (2023: RM67,356,000).

(g) Net realisable value of completed property development units classified as inventories

Inventories of completed property units that are held for sale are stated at the lower of cost or net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices as well as costs to be incurred to complete the sale.

Expected selling prices are estimated based on forecast of future demand and management's pricing strategy. Costs to be incurred to complete the sale are estimated based on historical trend and management's marketing strategy. These estimates could change from time to time.

During the financial year, the Group recognised a net reversal of inventories written down of completed property units that are held for sale amounting to RM11,141,000 (2023: Inventories written down of RM57,893,000).

The carrying amount of the Group's completed property units as at reporting date is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Roads and infrastructure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Right- of-use assets RM'000	Total RM'000
Group								
At cost								
At 1 January 2023	407,014	1,948,565	400,473	1,150,721	248,506	636,415	1,967,973	6,759,667
Acquisition of subsidiaries	-	-	-	12,215	-	-	2,881	15,096
Disposal of subsidiaries	(126,583)	-	-	(64)	(131,284)	-	-	(257,931)
Additions	407	3,240	2,638	98,733	309,510	39,250	17,790	471,568
Reclassifications	-	(65,549)	15,719	82,172	(32,342)	-	-	-
Revaluation of properties prior being transferred to investment properties	-	916	-	-	-	-	-	916
Transfer to:								
- investment properties (Note 5)	(26,493)	(95,761)	-	(1,414)	-	-	(28,214)	(151,882)
- land held for property development (Note 9)	-	-	-	-	-	-	(7,724)	(7,724)
Modifications	-	-	-	-	-	-	(10,722)	(10,722)
Derecognition	-	-	-	(569)	-	-	(17,897)	(18,466)
Disposals	-	(1,232)	-	(66,447)	-	-	-	(67,679)
Written off	-	(227)	-	(13,432)	(672)	(58,405)	-	(72,736)
Exchange differences	-	24,692	-	1,754	-	-	35,604	62,050
At 31 December 2023/ At 1 January 2024	254,345	1,814,644	418,830	1,263,669	393,718	617,260	1,959,691	6,722,157
Additions	-	1,380	1,647	44,883	464,706	39,351	29,029	580,996
Adjustment arising from remeasurement work	-	(3,522)	-	(195)	-	-	-	(3,717)
Reclassifications	82,450	151,462	1,161	67,482	(301,802)	-	(753)	-
Transfer to investment properties (Note 5)	(4,639)	(23,887)	-	-	(26,181)	-	(3,577)	(58,284)
Modifications	-	-	-	-	-	-	(12,520)	(12,520)
Derecognition	-	-	-	-	-	-	(10,271)	(10,271)
Disposals	-	(994)	(34,837)	(176,143)	-	-	-	(211,974)
Written off	-	(1,502)	(185)	(8,035)	-	(9,618)	-	(19,340)
Exchange differences	-	(24,551)	-	(5,477)	(730)	-	(34,199)	(64,957)
At 31 December 2024	332,156	1,913,030	386,616	1,186,184	529,711	646,993	1,927,400	6,922,090

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Roads and infrastructure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Right- of-use assets RM'000	Total RM'000
Group (continued)								
Accumulated depreciation/ impairment loss								
At 1 January 2023	-	393,245	174,080	770,758	-	364,395	295,790	1,998,268
Acquisition of subsidiaries	-	-	-	8,787	-	-	-	8,787
Disposal of subsidiaries	-	-	-	(17)	-	-	-	(17)
Depreciation for the year (Note 30)	-	42,499	19,832	77,814	-	18,911	50,039	209,095
Impairment loss for the year	-	6,413	624	3,765	-	-	1,507	12,309
Transfer (to)/from investment properties (Note 5)	-	(19,229)	-	(1,200)	-	-	3,101	(17,328)
Modifications	-	-	-	-	-	-	(6,279)	(6,279)
Derecognition	-	-	-	-	-	-	(17,897)	(17,897)
Disposals	-	(1,026)	-	(60,838)	-	-	-	(61,864)
Written off	-	(206)	-	(9,735)	-	(58,405)	-	(68,346)
Exchange differences	-	6,416	-	2,990	-	-	5,839	15,245
At 31 December 2023 / At 1 January 2024	-	428,112	194,536	792,324	-	324,901	332,100	2,071,973
Depreciation for the year (Note 30)	-	43,404	19,114	76,995	-	18,813	51,869	210,195
Impairment loss for the year	-	854	-	319	-	-	-	1,173
Modifications	-	-	-	-	-	-	(7,664)	(7,664)
Derecognition	-	-	-	-	-	-	(10,271)	(10,271)
Disposals	-	(804)	(33,879)	(146,274)	-	-	-	(180,957)
Written off	-	(110)	(64)	(6,918)	-	(9,618)	-	(16,710)
Exchange differences	-	(7,624)	-	(4,018)	-	-	(6,501)	(18,143)
At 31 December 2024	-	463,832	179,707	712,428	-	334,096	359,533	2,049,596
Net carrying amount								
At 31 December 2023	254,345	1,386,532	224,294	471,345	393,718	292,359	1,627,591	4,650,184
At 31 December 2024	332,156	1,449,198	206,909	473,756	529,711	312,897	1,567,867	4,872,494

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM580,996,000 (2023: RM471,568,000) which are satisfied by the following:

	Group	
	2024 RM'000	2023 RM'000
Cash payments on purchase of property, plant and equipment	521,883	434,978
Additions of right-of-use assets by way of lease commitment	28,934	16,385
Finance by way of lease arrangement	1,565	1,132
Interest expense capitalised	28,614	19,073
	580,996	471,568

- (b) During the financial year, as part of an internal operational review, certain subsidiaries that engaged in operation of stone quarry and asphalt plants, manufacture and trading of bricks, manufacturing of clay products, manufacture and sale of porcelain and ceramic tiles carried out reviews of the recoverable amounts of their property, plant and equipment. The recoverable amounts of these property, plant and equipment were arrived at based on the higher of FVLCD or VIU method.

Based on the impairment assessment, the Group recorded total impairment loss of RM1,173,000 (2023: RM12,309,000) on the basis that the carrying amounts exceeded recoverable amounts based on the FVLCD method. The recoverable amounts are based on valuations performed by independent professional valuers based on investment method and cost method. The fair value measurement was derived based on level 3 of the fair value hierarchy.

The changes in fair value would have resulted in an additional higher or lower impairment for the corresponding amount.

- (c) Buildings amounting to RM254,789,000 (2023: RM284,235,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

(d) Right-of-use assets

	Leasehold land RM'000	Prepaid lease payments RM'000	Rented land RM'000	Buildings RM'000	Roads and infrastructure RM'000	Plant and equipment RM'000	Total RM'000
Group							
1 January 2023	1,091,624	458,880	77,970	41,169	130	2,410	1,672,183
Acquisition of subsidiaries	-	-	-	2,881	-	-	2,881
Additions	1,405	-	254	15,897	-	234	17,790
Depreciation for the year	(16,435)	(8,973)	(4,641)	(18,024)	(69)	(1,897)	(50,039)
(Impairment loss)/ Reversal of impairment loss for the year	(3,077)	-	3,101	(1,531)	-	-	(1,507)
Transfer to:							
- investment properties	(28,214)	-	(3,101)	-	-	-	(31,315)
- land held for property development	(7,724)	-	-	-	-	-	(7,724)
Modifications	-	-	(2,394)	(1,984)	-	(65)	(4,443)
Exchange differences	-	27,089	2,487	185	-	4	29,765
At 31 December 2023/ 1 January 2024	1,037,579	476,996	73,676	38,593	61	686	1,627,591
Additions	-	95	5,064	19,936	-	3,934	29,029
Depreciation for the year	(15,827)	(9,401)	(4,475)	(20,154)	(46)	(1,966)	(51,869)
Reclassifications	(753)	-	-	-	-	-	(753)
Transfer to investment properties	(3,577)	-	-	-	-	-	(3,577)
Modifications	-	-	6	(4,267)	-	(595)	(4,856)
Exchange differences	-	(26,141)	(2,259)	563	-	139	(27,698)
At 31 December 2024	1,017,422	441,549	72,012	34,671	15	2,198	1,567,867

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

(d) Right-of-use assets (continued)

- (i) The title of the Group's leasehold land with carrying amount of RM27,910,000 (2023: RM28,375,000) stipulated that not less than 30% of the undivided share of the said land or not less than 30% of the equity of the subsidiary being the registered owner of the said land, shall be transferred to/held by/registered in the name of native(s) ["Native Condition"]. In year 2022, the Land and Survey Department in Kota Kinabalu had granted further extension up to July 2027 to comply with the Native Condition.
- (ii) Private caveat was entered by third parties on the Group's leasehold land with carrying amount of RM63,963,000 (2023:RM64,833,000) as disclosed in Note 39(a).
- (iii) Prepaid lease payments amounting to RM369,062,000 (2023: RM395,974,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

	Buildings RM'000	Plant and equipment RM'000	Right-of-use assets - buildings RM'000	Total RM'000
Company				
At cost				
At 1 January 2023	187	3,202	45	3,434
Additions	-	-	32	32
Derecognition	-	-	(45)	(45)
At 31 December 2023/1 January 2024/ 31 December 2024	187	3,202	32	3,421
Accumulated depreciation				
At 1 January 2023	187	2,852	36	3,075
Depreciation for the year (Note 30)	-	140	16	156
Derecognition	-	-	(45)	(45)
At 31 December 2023/1 January 2024/ 31 December 2024	187	2,992	7	3,186
Depreciation for the year (Note 30)	-	77	16	93
At 31 December 2024	187	3,069	23	3,279
Net carrying amount				
At 31 December 2023	-	210	25	235
At 31 December 2024	-	133	9	142

In the previous financial year, the Company acquired property, plant and equipment with an aggregate cost of RM32,000 which are satisfied by way of lease commitment.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

5. INVESTMENT PROPERTIES

Investment properties owned by the Group comprise completed investment properties and IPUC. Completed investment properties include land that are held for a currently undetermined future use or held for long term capital appreciation.

	Completed investment properties RM'000	IPUC RM'000	Total RM'000
Group			
At 1 January 2023	2,019,611	220,117	2,239,728
Additions from acquisition	-	305,000	305,000
Additions from subsequent expenditure	16,053	176,046	192,099
Transfer from property, plant and equipment (Note 4)	134,554	-	134,554
Net loss from fair value adjustments recognised in profit or loss (Note 30)	(99,059)	(31)	(99,090)
Written off	(1,321)	-	(1,321)
Exchange differences	4,041	-	4,041
At 31 December 2023/1 January 2024	2,073,879	701,132	2,775,011
Additions from subsequent expenditure	1,444	193,231	194,675
Transfer from property, plant and equipment (Note 4)	58,284	-	58,284
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 30)	(32,177)	220	(31,957)
Disposals	(14,041)	-	(14,041)
Written off	(203)	-	(203)
Exchange differences	(4,100)	-	(4,100)
At 31 December 2024	2,083,086	894,583	2,977,669

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

5. INVESTMENT PROPERTIES (CONTINUED)

	2024	2023
	RM'000	RM'000
<i>Represented by:</i>		
Freehold land and buildings	2,019,857	1,863,287
Right-of-use assets – Long term leasehold land and buildings	957,812	911,724
	2,977,669	2,775,011

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Investment properties amounting to RM84,278,000 (2023: RM76,238,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

Rental and direct operating expenses arising from investment properties are disclosed in Note 27 and Note 30 respectively.

Included in additions was interest expense capitalised of RM26,536,000 (2023: RM14,800,000).

The fair value of investment properties was determined based on valuations performed by registered independent valuers using the following methods:

(a) Comparison method

Fair value is arrived at by reference to market evidence of transaction prices for similar properties with adjustments made to account for factors such as differences in location, age, size and type of property.

An upward/(downward) change in the adjustments for factors such as differences in location, age, size and type of property will result in a higher/(lower) fair value of the investment properties.

(b) Cost method

Fair value is arrived at based on the estimated cost of construction and prevailing building costs of building of the same type and design and making allowance for depreciation, age and obsolescence of design, if any.

An upward/(downward) change in the estimated cost of construction, prevailing building cost of building of the same type and design and allowance for depreciation, age and obsolescence of design will result in a higher/(lower) fair value of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

5. INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties was determined based on valuations performed by registered independent valuers using the following methods: (continued)

(c) Investment method

This method considers the present value of net rental income to be generated from the property, taking into account the expected rental growth rate, occupancy rate and lease incentive. This net rental income is discounted at a risk-adjusted discount rate to arrive at its present value. The key inputs to valuation of investment properties are as follows:

Significant unobservable inputs	Range	
	2024	2023
Estimated rental value per square foot per month	RM1.20 - RM21.80	RM1.20 - RM21.80
Discount rate	5.00% - 6.00%	5.00% - 6.00%
Reversionary rate	5.50% - 6.25%	5.50% - 6.50%

An increase/(decrease) in estimated rental value in isolation would result in a higher/(lower) fair value of the investment properties. An increase/(decrease) in the discount rate and reversionary rate in isolation would result in a (lower)/higher fair value of the investment properties.

During the financial year, the Group recognised a net loss from fair value adjustments amounting to RM31,957,000 (2023: RM99,090,000).

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Quoted shares in Malaysia, at cost	1,089,246	1,089,246
Unquoted shares, at cost		
- In Malaysia	5,145,734	4,867,473
- Outside Malaysia	150,204	150,204
	5,295,938	5,017,677
	6,385,184	6,106,923
Less: Impairment losses – unquoted shares	(218,785)	(213,404)
	6,166,399	5,893,519
Market value of quoted shares	1,106,456	956,334

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by the Company:				
* Hap Seng Plantations Holdings Berhad ["HSP"]	Investment holding	Malaysia	69.53	69.53
Hap Seng Land Sdn Bhd	Property development and investment holding	Malaysia	100	100
* Hap Seng Credit Sdn Bhd	Provision of financial services	Malaysia	80	80
HSC International Limited	Investment holding	Labuan, Malaysia	100	100
* Sunrise Addition Sdn Bhd	Investment holding	Malaysia	100	100
* Hap Seng Auto Sdn Bhd	Investment holding	Malaysia	100	100
Hap Seng Fertilizers Sdn Bhd	Trading and distribution of fertilizers and agro-chemicals	Malaysia	100	100
Macro Arch (M) Sdn Bhd	Investment holding	Malaysia	100	100
Palms Edge (M) Sdn Bhd	Investment holding	Malaysia	100	100
+ Sasco Company Ltd	Investment holding	British Virgin Islands	100	100
Hap Seng Trading Holdings Sdn Bhd	Investment holding	Malaysia	100	100
* Malaysian Mosaics Sdn Bhd	Manufacture and sale of porcelain and ceramic tiles, property investment and investment holding	Malaysia	100	100
Hap Seng Building Materials Holdings Sdn Bhd	Investment holding	Malaysia	100	100
* Hap Seng Investment Holdings Pte Ltd	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by the Company: (continued)				
Hap Seng Equity Sdn Bhd	Trading of marketable securities	Malaysia	100	100
Hap Seng Management Sdn Bhd	Centralised treasury management function	Malaysia	100	100
Hap Seng Management Services Sdn Bhd	Provision of management services	Malaysia	100	100
Held by HSP:				
* Hap Seng Plantations (River Estates) Sdn Bhd	Cultivation of oil palm, processing of fresh fruit bunches and investment holding	Malaysia	100	100
* Jeroco Plantations Sdn Bhd	Cultivation of oil palm and processing of fresh fruit bunches	Malaysia	100	100
* Hap Seng Plantations (Kota Marudu) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
* Pelipikan Plantation Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
* Hap Seng Edible Oils Sdn Bhd	Livestock farming (ceased operations)	Malaysia	100	100
Held by Hap Seng Plantations (River Estates) Sdn Bhd:				
* Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
* Hap Seng Plantations (Tampilit) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
* Hap Seng Plantations (Wecan) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hap Seng Land Sdn Bhd:				
* Hap Seng Hospitality Sdn Bhd ["HS Hospitality"]	Investment holding	Malaysia	100	100
* Hap Seng Land Development Sdn Bhd ["HSLD"]	Investment holding	Malaysia	100	100
Hap Seng Land Services Sdn Bhd	Provision of management services	Malaysia	100	100
Hap Seng Realty Sdn Bhd	Property investment and investment holding	Malaysia	100	100
Held by HS Hospitality:				
* Sunrise Spring Sdn Bhd	Operating hotel	Malaysia	100	100
* Trio Sunrise Sdn Bhd	Operating hotel	Malaysia	100	100
* Sunhill Ventures Sdn Bhd (100% equity interest is held by HS Hospitality (2023: 66.67% equity interest was held by HS Hospitality whilst the remaining 33.33% was held by Hap Seng Realty Sdn Bhd))	Operating hotel	Malaysia	100	100
Held by HSLD:				
Euro-Asia Brand Holding Company Sdn Bhd	Property development	Malaysia	100	100
* Future Golden Development Sdn Bhd	Property development	Malaysia	100	100
* Hap Seng Land Development (Jesselton Hill) Sdn Bhd	Property development	Malaysia	100	100
* Hap Seng Land Development (Kluang) Sdn Bhd	Property development	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by HSLD: (continued)				
* Hap Seng Land Development (PJ) Sdn Bhd	Property development	Malaysia	100	100
Hap Seng Land Development (Puchong) Sdn Bhd	Property development and construction	Malaysia	100	100
* Hap Seng Properties Development Sdn Bhd	Property development and investment holding	Malaysia	100	100
Positive Sunland Sdn Bhd	Property development	Malaysia	100	100
Sunpoint Resources Sdn Bhd	Property development	Malaysia	100	100
Hap Seng Land Development (Balakong) Sdn Bhd	Property development	Malaysia	100	100
Hap Seng Land Development (JTR 2) Sdn Bhd (100% equity interest is held by HSLD (2023: 60.02% equity interest was held by HSLD whilst the remaining 39.98% was held by the Company))	Property development	Malaysia	100	100
Suria Kapital Development Sdn Bhd	Property development	Malaysia	80	80
KL Midtown Sdn Bhd	Property development	Malaysia	70	70
Sierra Positive Sdn Bhd	Property development	Malaysia	70	100
Hap Seng Land Development And JCA Sdn Bhd	Property development	Malaysia	60	60
Hap Seng Construction Sdn Bhd	Construction activities	Malaysia	100	100
Positive Tropical Sdn Bhd	Construction activities	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by HSLD: (continued)				
* Hap Seng Properties Services (Sabah) Sdn Bhd	Property management and property maintenance	Malaysia	100	100
Pacific Emerald Properties Sdn Bhd	Provision of management services	Malaysia	100	100
Positive Harmony Sdn Bhd	Operating grocery stores and food and beverage business (ceased operations)	Malaysia	100	100
* Sierra Ventures Sdn Bhd	Carrying out food and beverage business	Malaysia	100	80
Hap Seng Land Development (JTR) Sdn Bhd	In liquidation	Malaysia	100	100
Hap Seng Land Development (Bangsar) Sdn Bhd	In liquidation	Malaysia	80	80
Held by Hap Seng Properties Development Sdn Bhd:				
* Hap Seng Commercial Development Sdn Bhd	Property development	Malaysia	100	100
* Hap Seng Land Development (KK) Sdn Bhd	Property development and provision of management services	Malaysia	100	100
Held by KL Midtown Sdn Bhd:				
Eden Sunrise Sdn Bhd	Property investment in retail mall and car park	Malaysia	100	100
Sunrise Gardencity Sdn Bhd	Operating hotel	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hap Seng Realty Sdn Bhd:				
Caliber Suncity Sdn Bhd	Property investment	Malaysia	100	100
Desa Alam Mewah Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Property Investment Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Realty (Auto) Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Realty (Autohaus) Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Realty (KK I) Sdn Bhd	Property investment	Malaysia	100	100
Lakaran Warisan Sdn Bhd	Property investment	Malaysia	100	100
Menara Hap Seng Sdn Bhd	Property investment	Malaysia	100	100
My Universal Properties Sdn Bhd	Property investment	Malaysia	100	100
Prosperity Projections Sdn Bhd	Property investment	Malaysia	100	100
Prosperity Sunland Sdn Bhd	Property investment	Malaysia	100	100
* Trio Empireland Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Realty (KL City) Sdn Bhd	Investment holding	Malaysia	100	100
* Hap Seng Leisure Sdn Bhd	Providing recreational facilities and services	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by HSC International Limited:				
+ HSC Birmingham Holding Limited	Struck off	Labuan, Malaysia	-	100
* HSC Brisbane Holding Pte Ltd	Investment holding	Singapore	100	100
* HSC Bristol Holding Pte Ltd	Investment holding	Singapore	100	100
* HSC Leeds Holding Pte Ltd	Investment holding	Singapore	100	100
* HSC London Holding Pte Ltd	Investment holding	Singapore	100	100
+ HSC Manchester Holding Pte Ltd	Striking off	Singapore	100	100
+ HSC Melbourne Holding Pte Ltd	Struck off	Singapore	-	100
* HSC Nottingham Holding Pte Ltd	Investment holding	Singapore	100	100
Held by HSC Brisbane Holding Pte Ltd:				
+ HS Credit (Brisbane) Pty Ltd	Dormant	Australia	100	100
Held by HSC Bristol Holding Pte Ltd:				
+ HS Credit (Bristol) Ltd	Dormant	United Kingdom	100	100
Held by HSC Leeds Holding Pte Ltd:				
+ HS Credit (Leeds) Ltd	Dormant	United Kingdom	100	100
Held by HSC London Holding Pte Ltd:				
* HS Credit (London) Ltd	Provision of financial services	United Kingdom	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by HSC Nottingham Holding Pte Ltd:				
+ HS Credit (Nottingham) Ltd	Dormant	United Kingdom	100	100
Held by Sunrise Addition Sdn Bhd:				
* Hap Seng Automotive Acceptance Sdn Bhd	Provision of financial services and operating leasing of vehicles	Malaysia	100	100
Held by Hap Seng Auto Sdn Bhd:				
* Hap Seng Body & Paint Sdn Bhd	Providing services and parts for repairing, painting and servicing of motor vehicles	Malaysia	100	100
* Hap Seng CarFleet Sdn Bhd	Rental and trading of motor vehicles	Malaysia	100	100
Hap Seng Smart Sdn Bhd	Trading in motor vehicles, spare parts and servicing of motor vehicles	Malaysia	100	100
* Hap Seng Star Sdn Bhd	Trading in motor vehicles, spare parts and servicing of motor vehicles	Malaysia	100	100
* Hap Seng Trucks Sdn Bhd	Dealing in commercial vehicles, spare parts and servicing of commercial vehicles	Malaysia	100	100
* Hap Seng Trucks Distribution Sdn Bhd	Wholesale, distribution of trucks and vans and sales of respective spare parts including importation and assembly	Malaysia	100	100
* SKI Segar Sdn Bhd	Trading in motor vehicles	Malaysia	100	100

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AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hap Seng Fertilizers Sdn Bhd:				
Hap Seng Chemicals Sdn Bhd	Manufacture and sale of agro-chemicals	Malaysia	70	70
Held by Macro Arch (M) Sdn Bhd:				
# PT. Sasco Indonesia (90% equity interest is held by Macro Arch (M) Sdn Bhd whilst the remaining 10% is held by Palms Edge (M) Sdn Bhd)	Trading and distribution of fertilizers	Indonesia	100	100
Held by Sasco Company Ltd:				
* Sasco (China) Co., Ltd	Trading in fertilizers products and building materials	People's Republic of China	100	100
Held by Hap Seng Trading Holdings Sdn Bhd:				
Hap Seng Trading (M) Sdn Bhd	Trading in petroleum products, building materials and operation of convenient stores	Malaysia	100	100
Hap Seng Trading (BM) Sdn Bhd	Trading in building materials	Malaysia	100	100
Held by Malaysian Mosaics Sdn Bhd:				
+ MML Marketing Pte Ltd	Struck off	Singapore	-	100
* MML (Shanghai) Trading Co., Ltd	Trading and distribution of porcelain and ceramic tiles and fertilizers	People's Republic of China	100	100
* MML Marketing Sdn Bhd	Trading and distribution of mosaic and ceramic tiles (ceased operations)	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hap Seng Building Materials Holdings Sdn Bhd:				
Hap Seng Building Materials Sdn Bhd	Manufacture and trading of bricks, operating of stone quarries and asphalt plants	Malaysia	100	100
* Hap Seng Building Materials Marketing Pte Ltd	Trading in building materials	Singapore	-	100
Hap Seng Clay Products Sdn Bhd	Manufacture and trading of clay products (ceased operations)	Malaysia	100	100
Hap Seng Seri Alam Sdn Bhd	Operation of stone quarry (ceased operations)	Malaysia	100	100
Held by Hap Seng Investment Holdings Pte Ltd:				
* Hafary Holdings Limited ["Hafary"]	Investment holding	Singapore	50.82	50.82
Held by Hafary:				
* Hafary Pte Ltd	Importer and dealer of building materials	Singapore	100	100
Held by Hafary Pte Ltd:				
* Surface Project Pte Ltd	Distribution and wholesale of building materials	Singapore	70	70
* Surface Stone Pte Ltd	Dealer of stones for home furnishing	Singapore	90	90
* Wood Culture Pte Ltd	Dealer of wood for home furnishing	Singapore	100	100

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AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hafary Pte Ltd: (continued)				
* Hafary Centre Pte Ltd	Investment holding	Singapore	100	100
* Hafary Vietnam Pte Ltd	Investment holding	Singapore	100	100
* Hafary International Pte Ltd	Importing and distribution of building materials	Singapore	100	100
* Hafary Trademarks Pte Ltd	Intellectual property holding and management	Singapore	100	100
* Marble Trends Pte Ltd	Dormant	Singapore	100	100
* World Furnishing Hub Pte Ltd	Investment holding	Singapore	100	81
* Hafary Balestier Showroom Pte Ltd	Investment holding	Singapore	51	51
* Gres Universal Pte Ltd	Distribution and wholesale of building materials	Singapore	56	56
* Hafary Building Materials Pte Ltd	Investment holding	Singapore	100	100
* Hafary W+S Pte Ltd	Storage and warehousing of furniture and related products	Singapore	100	100
* Hafary Trading Sdn Bhd	Trading and distribution of building materials	Malaysia	100	100
* Hafary Crescent Pte Ltd	Cutting, shaping and finishing of stone and investment holding	Singapore	100	100
* Hafary Element Pte Ltd (85.71% equity interest is held by Hafary Pte Ltd whilst the remaining 14.29% is held by Guangdong ITA Element Building Materials Co., Limited)	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hafary Pte Ltd: (continued)				
* Hafary Flagship Store Pte Ltd	Investment holding	Singapore	100	100
* Melmer Stoneworks Pte Ltd	Cutting, shaping and finishing of stone	Singapore	50	50
* Hafary Bathroom Pte Ltd	Trading and distribution of sanitary wares	Singapore	100	-
* Hafary Shanghai Pte Ltd	Investment holding	Singapore	100	-
Held by Hafary International Pte Ltd:				
* Foshan Hafary Trading Co., Limited	Importing, exporting and distribution of building materials	People's Republic of China	100	100
Held by Hafary Building Materials Pte Ltd:				
* Guangdong ITA Element Building Materials Co., Limited	Production and distribution of tiles	People's Republic of China	65	65
Held by Hafary Trading Sdn Bhd:				
* MML x Element International Pte Ltd (50% equity interest is held by Hafary Trading Sdn Bhd whilst the remaining 50% is held by Guangdong ITA Element Building Materials Co., Limited)	Trading and distribution of building materials	Singapore	100	100
Held by Hafary Element Pte Ltd:				
* International Ceramic Manufacturing Hub Pte Ltd ["ICMHPL"]	Investment holding	Singapore	70	70

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2024 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2024	2023
Held by Hafary Shanghai Pte Ltd:				
* Hafary Trading (Shanghai) Co., Ltd	Importing, exporting and distribution of building materials	People's Republic of China	100	-
Held by Guangdong ITA Element Building Materials Co., Limited:				
* Foshan Element Building Material Co., Ltd	Production and distribution of tiles	People's Republic of China	96	96
* Foshan Element Ceramic Co., Ltd	Production and distribution of tiles	People's Republic of China	100	100
Held by ICMHPL:				
* International Ceramic Manufacturing Hub Sdn Bhd ["ICMHSB"]	Manufacturing, importing and exporting of building materials and investment holding	Malaysia	100	100
Held by ICMHSB:				
* PT ICMH Ceramic Indonesia (99.999% equity interest is held by ICMHSB whilst the remaining 0.001% is held by ICMHPL)	Importing, exporting and distribution of building materials	Indonesia	100	-

* Audited by firms other than Ernst & Young PLT

Audited by member firms of Ernst & Young Global in the respective countries

+ There is no statutory requirement for the financial statements to be audited

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ["NCI"] are as follows:

	HSP and its subsidiaries RM'000	Hafary and its subsidiaries RM'000	Hap Seng Credit Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2024					
NCI percentage of ownership interest and voting interest	30.47%	49.18%	20.00%		
Carrying amount of NCI	631,237	261,259	593,034	(44,294)	1,441,236
Profit/(loss) attributable to NCI	65,113	47,619	21,541	(12,737)	121,536

Summarised financial information before intra-group elimination:

As at 31 December:

Non-current assets	1,722,057	990,020	1,073,150		
Current assets	873,634	693,375	2,471,297		
Non-current liabilities	(425,021)	(564,790)	(842)		
Current liabilities	(67,764)	(672,260)	(578,441)		
Net assets	2,102,906	446,345	2,965,164		
NCI	-	(21,344)	-		
Net assets attributable to owners of subsidiaries	2,102,906	425,001	2,965,164		
(Less)/add: Adjustments on net assets upon consolidation	(31,239)	62,830	-		
Adjusted net assets	2,071,667	487,831	2,965,164		

Year ended 31 December:

Revenue	752,448	893,658	159,638		
Profit for the year	204,638	96,960	107,706		
Total comprehensive income	204,638	98,514	108,552		
Net cash flows from:					
- operating activities	209,479	76,980	415,019		
- investing activities	(163,566)	(24,582)	(768)		
- financing activities	(65,162)	(36,482)	(493,743)		
Net (decrease)/ increase in cash and cash equivalents	(19,249)	15,916	(79,492)		
Dividends paid to NCI	(16,571)	(30,176)	(12,309)		

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ["NCI"] are as follows: (continued)

	HSP and its subsidiaries RM'000	Hafary and its subsidiaries RM'000	Hap Seng Credit Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2023					
NCI percentage of ownership interest and voting interest	30.47%	49.18%	20.00%		
Carrying amount of NCI	582,695	263,879	583,633	(31,920)	1,398,287
Profit/(loss) attributable to NCI	27,840	67,060	21,417	(8,150)	108,167

Summarised financial information before intra-group elimination:

As at 31 December:

Non-current assets	1,734,004	1,044,308	1,562,047		
Current assets	693,042	598,041	2,389,585		
Non-current liabilities	(419,865)	(646,359)	(29,323)		
Current liabilities	(54,534)	(557,770)	(1,004,150)		
Net assets	1,952,647	438,220	2,918,159		
NCI	-	(26,770)	-		
Net assets attributable to owners of subsidiaries	1,952,647	411,450	2,918,159		
(Less)/add: Adjustments on net assets upon consolidation	(40,289)	70,674	-		
Adjusted net assets	1,912,358	482,124	2,918,159		

Year ended 31 December:

Revenue	667,835	771,160	210,475		
Profit for the year	91,369	137,102	107,083		
Total comprehensive income	91,369	130,892	113,502		
Net cash flows from:					
- operating activities	169,824	171,325	466,202		
- investing activities	(121,358)	(79,764)	14,877		
- financing activities	(79,022)	(69,600)	16,673		
Net (decrease)/ increase in cash and cash equivalents	(30,556)	21,961	497,752		
Dividends paid to NCI	(20,712)	(23,456)	(12,309)		

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries

During the financial year, the Group disposed of entire equity interest in Hap Seng Building Materials Marketing Pte Ltd ["HSBM Singapore"] for total cash consideration of SGD121,147.14, equivalent to RM421,000 as disclosed in Note 44(g).

In the previous financial year, the Group disposed of the entire equity interest of:

- (i) HS Credit (Manchester) Ltd ["HCML"] for total cash consideration of GBP152,958,000, equivalent to RM879,203,000.
- (ii) Richmore Development Sdn Bhd ["Richmore"] for total cash consideration of RM51,000,000.

The disposals have the following effects on the financial position and results of the Group:

	2024 HSBM Singapore RM'000	← 2023 → HCML RM'000	Richmore RM'000	Total RM'000
Group				
Property, plant and equipment	-	(47)	(257,867)	(257,914)
Trade and other receivables	(7,890)	(199,547)	(72)	(199,619)
Cash and bank balances	(111)	(97,435)	(239)	(97,674)
Trade and other payables	7,178	348	10,449	10,797
Tax payable	402	631	-	631
Borrowings	-	-	202,034	202,034
Net assets	(421)	(296,050)	(45,695)	(341,745)
Transfer from foreign exchange reserve	(632)	12,519	-	12,519
	(1,053)	(283,531)	(45,695)	(329,226)
Cash consideration	421	879,203	51,000	930,203
Net assets disposed	(1,053)	(283,531)	(45,695)	(329,226)
Expenses on disposals	-	(693)	-	(693)
(Loss)/gain on disposal to the Group	(632)	594,979	5,305	600,284
Cash inflow arising from disposals:				
Cash consideration	421	879,203	51,000	930,203
Expenses on disposals	-	(693)	-	(693)
Cash and cash equivalents of subsidiaries disposed	(111)	(97,435)	(239)	(97,674)
Net cash inflow on disposals	310	781,075	50,761	831,836

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries

In the previous financial year,

- (i) the Group acquired management control of Melmer Stoneworks Pte Ltd ["Melmer Stoneworks"].
- (ii) the Group acquired an additional 15% of shareholding in Guangdong ITA Element Building Materials Co. Limited ["ITA Element"] at a cash consideration of SGD841,000, equivalent to RM2,927,000. As at previous year reporting date, management completed the initial acquisition accounting on a preliminary basis and provisional amounts were recorded.

During the financial year, the Group finalised the purchase price allocation exercise of the acquisition in ITA Element and the fair values of the identifiable assets, liabilities, non-controlling interests, and the resultant negative goodwill on the date of acquisition. The Group has elected not to restate retrospectively, and the comparative figures remained from the previously reported amounts as the difference is not considered material to the Group.

The acquisitions have the following effects on the financial position and results of the Group:

	2024	← 2023 →		Total RM'000
	Fair value ITA Element RM'000	Fair value Melmer Stoneworks RM'000	Provisional fair value ITA Element RM'000	
Group				
Property, plant and equipment	3,912	1,130	5,179	6,309
Intangibles assets	3,780	13,551	-	13,551
Inventories	15,448	9,973	14,191	24,164
Trade and other receivables	13,050	11,609	10,201	21,810
Other financial assets	128	-	125	125
Cash and bank balances	1,242	3,840	1,242	5,082
Trade and other payables	(7,577)	(5,354)	(8,132)	(13,486)
Tax payable	(1,364)	(932)	(1,364)	(2,296)
Borrowings	(6,341)	(6,060)	(6,341)	(12,401)
Lease liabilities	(3,815)	(514)	(2,928)	(3,442)
Deferred tax liabilities	(1,122)	(3,246)	-	(3,246)
Net identifiable assets	17,341	23,997	12,173	36,170
Non-controlling interests	(5,105)	(11,997)	(3,173)	(15,170)
(Negative goodwill)/goodwill	(1,739)	18,222	-	18,222
Purchase consideration	10,497	30,222	9,000	39,222

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries (continued)

The acquisitions have the following effects on the financial position and results of the Group: (continued)

	2024	← 2023 →		Total RM'000
	Fair value ITA Element RM'000	Fair value Melmer Stoneworks RM'000	Provisional fair value ITA Element RM'000	
Group				
Carrying value of investment in joint ventures	6,073	4,079	6,073	10,152
Cash consideration paid	2,927	-	2,927	2,927
Gain on remeasurement of a joint venture to a subsidiary	1,497	26,143	-	26,143
Purchase consideration	10,497	30,222	9,000	39,222
Cash inflow arising from acquisitions:				
Cash consideration paid	-	-	(2,927)	(2,927)
Cash and cash equivalents of subsidiaries acquired	-	3,840	1,242	5,082
Net cash inflow on acquisitions	-	3,840	(1,685)	2,155

(d) Acquisitions and disposals of equity interest in subsidiaries

(i) Acquisition of shares from non-controlling interests:

During the financial year, the Group acquired equity interest from non-controlling interests:

- the remaining 19% shareholding in World Furnishing Hub Pte Ltd ["WFHPL"] for total cash consideration of SGD4,465,000, equivalent to RM15,757,000 as disclosed in Note 44(a).
- the remaining 9,000 ordinary shares representing 20% of the issued share capital of Sierra Ventures Sdn Bhd ["Sierra Ventures"] for total cash consideration of RM13,500 as disclosed in Note 44(c).

(ii) Disposal of interest in a subsidiary without losing control

During the financial year, the Group disposed of 300,000 ordinary shares representing 30% shareholding of Sierra Positive Sdn Bhd ["Sierra Positive"] for total cash consideration of RM300,000 as disclosed in Note 44(k).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisitions and disposals of equity interest in subsidiaries (continued)

The difference between the consideration and the carrying amount of the equity interest acquired/ disposed of RM8,732,000 at the Group is reflected in the statement of changes in equity as summarised below:

	← Acquisition →			Disposal Sierra Positive RM'000 (ii)	Net RM'000
	WFHPL RM'000	Sierra Ventures RM'000	Total RM'000 (i)		
Carrying amount of equity interest acquired/ disposed	7,102	(420)	6,682	57	6,739
Consideration (paid)/ received	(15,757)	(14)	(15,771)	300	(15,471)
Recognised in equity	(8,655)	(434)	(9,089)	357	(8,732)

(e) Increase/(decrease) in investment in subsidiaries by the Company

- (i) During the financial year, the Company increased its investment in Hap Seng Land Sdn Bhd by RM492,000,000. In the previous financial year, the Company increased its investment in Hap Seng Investment Holdings Pte Ltd and HSC International Limited ["HSCIL"] by RM60,242,000 and RM289,473,000 respectively.
- (ii) During the financial year, the Company disposed of 20,490,699 ordinary shares representing 39.98% of equity interest in Hap Seng Land Development (JTR 2) Sdn Bhd to Hap Seng Land Development Sdn Bhd, a wholly-owned subsidiary of the Company for total cash consideration of RM27,379,000, resulted a gain on disposal of RM13,279,000.
- (iii) Capital reduction in subsidiaries

During the financial year, Hap Seng Auto Sdn Bhd and Malaysian Mosaics Sdn Bhd reduced its issued share capital by 91,040,000 and 108,599,450 ordinary shares and returned to the Company RM91,040,000 and RM108,599,000 respectively, being share capital in excess of its needs. In the previous financial year, HSCIL reduced its issued share capital by 50,000,000 ordinary shares and returned to the Company RM276,875,000.

No changes to equity attributable to owners of the Company arising from the aforesaid increase/ (decrease) in investment in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Impairment loss on investment in subsidiaries

As part of an internal operational review, the Company conducted impairment assessment of its investment in certain subsidiaries by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were arrived at based on the FVLCD method which represents the Company's share of the adjusted net assets in these subsidiaries.

The adjusted net assets method involves valuation performed by an independent professional valuer based on cost method. The fair value measurement for adjusted net assets method were derived based on level 3 of the fair value hierarchy.

The Company recognised an impairment loss on investment in a subsidiary of RM5,381,000 on the basis that the carrying amounts exceeded recoverable amounts. In the previous financial year, a reversal of impairment loss on investment in subsidiaries of RM8,634,000 has been recognised in profit or loss, as disclosed in Note 29.

The changes in fair value would have resulted in an additional higher or lower impairment for the corresponding amount.

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Quoted shares, at cost				
- In Malaysia	49,711	49,711	49,711	49,711
- Outside Malaysia	31,622	31,622	26,030	26,030
	81,333	81,333	75,741	75,741
Unquoted shares, at cost				
- In Malaysia	274,608	274,608	28,000	28,000
- Outside Malaysia	11,908	11,908	-	-
	286,516	286,516	28,000	28,000
	367,849	367,849	103,741	103,741
Share of post-acquisition reserves	193,900	182,775	-	-
	561,749	550,624	103,741	103,741
Exchange differences	19,750	20,734	-	-
	581,499	571,358	103,741	103,741
Less: Accumulated impairment losses				
- quoted shares	(81,068)	(70,563)	(34,786)	(32,751)
	500,431	500,795	68,955	70,990
Market value of quoted shares	120,354	119,040	120,354	119,040

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AS AT 31 DECEMBER 2024

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates as of 31 December 2024 are as follows:

Name of associates	Principal activities	Country of incorporation	Financial year end	Equity interest held (%)	
				2024	2023
Held by the Company:					
* Paos Holdings Berhad	Investment holding	Malaysia	31 May	24.96	24.96
# Lam Soon (Thailand) Public Company Limited ["LST"]	Manufacture and distribution of palm oil	Thailand	31 December	20.00	20.00
GLM Emerald (Sepang) Sdn Bhd	Property development and operation of oil palm estate	Malaysia	30 June	20.00	20.00
Held by Hap Seng Land Development (Balakong) Sdn Bhd:					
* Sunrise Strategy Sdn Bhd	Property investment	Malaysia	31 December	30.00	30.00
Held by Hap Seng Realty (KL City) Sdn Bhd:					
* Inverfin Sdn Bhd ["Inverfin"]	Property investment, office and food court management	Malaysia	31 December	49.99	49.99
Held by Hafary Vietnam Pte Ltd:					
* Viet Ceramics International Joint Stock Company	Importer and dealer of building materials	Socialist Republic of Vietnam	31 December	49.00	49.00

* Audited by firms other than Ernst & Young PLT

Audited by member firm of Ernst & Young Global in the respective countries

The financial statements of the above associates are coterminous with those of the Group, except for Paos Holdings Berhad and GLM Emerald (Sepang) Sdn Bhd whose financial year end are 31 May and 30 June respectively which are coterminous with their respective holding companies' financial year end. For the purpose of applying the equity method of accounting, the latest available financial information have been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	Inverfin RM'000	LST RM'000	Other individually immaterial associates RM'000	Total RM'000
2024				
(i) Summary of financial information				
<i>As at 31 December:</i>				
Non-current assets	700,201	464,697	319,591	1,484,489
Current assets	29,985	580,476	243,584	854,045
Non-current liabilities	(177,192)	(47,575)	(389)	(225,156)
Current liabilities	(10,254)	(228,369)	(93,284)	(331,907)
Net assets	542,740	769,229	469,502	1,781,471
NCI	-	(67,028)	-	(67,028)
Net assets attributable to owner of associates	542,740	702,201	469,502	1,714,443
<i>Year ended 31 December:</i>				
Revenue	44,376	1,473,476	671,305	2,189,157
Profit for the year	18,564	62,810	8,172	89,546
(ii) Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	271,369	140,439	140,633	552,441
Goodwill	954	318	27,786	29,058
Impairment losses	-	(35,328)	(45,740)	(81,068)
Carrying amount in statement of financial position	272,323	105,429	122,679	500,431
(iii) Group's share of results of associates	9,282	12,561	4,567	26,410
(iv) Dividends received from associates	6,500	4,717	4,068	15,285

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

7. INVESTMENT IN ASSOCIATES (CONTINUED)

	Inverfin RM'000	LST RM'000	Other individually immaterial associates RM'000	Total RM'000
2023				
(i) Summary of financial information				
<i>As at 31 December:</i>				
Non-current assets	700,058	417,926	324,007	1,441,991
Current assets	24,949	516,116	293,136	834,201
Non-current liabilities	(176,717)	(34,206)	(810)	(211,733)
Current liabilities	(11,114)	(197,594)	(138,194)	(346,902)
Net assets	537,176	702,242	478,139	1,717,557
NCI	-	(60,790)	-	(60,790)
Net assets attributable to owner of associates	537,176	641,452	478,139	1,656,767
<i>Year ended 31 December:</i>				
Revenue	43,307	1,317,805	961,438	2,322,550
Profit for the year	14,500	74,442	21,583	110,525
(ii) Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	268,587	128,290	145,423	542,300
Goodwill	954	318	27,786	29,058
Impairment losses	-	(26,528)	(44,035)	(70,563)
Carrying amount in statement of financial position	269,541	102,080	129,174	500,795
(iii) Group's share of results of associates	7,250	14,889	10,853	32,992
(iv) Dividends received from associates	6,500	3,654	4,536	14,690

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The Group and the Company conducted review of the recoverable amounts on certain investment in associates, which the recoverable amounts are determined based on the observable market prices. The fair value measurement for the market approach was derived based on level 1 of the fair value hierarchy.

During the financial year, the Group recognised an impairment loss on investment in associates of RM10,505,000 (2023: RM11,094,000) whilst the Company recognised an impairment loss on investment in associates of RM2,035,000 (2023: a reversal of impairment loss of RM5,201,000) in profit or loss as disclosed in Note 29.

The changes in fair value would have resulted in an additional higher or lower impairment for the corresponding amount.

8. INVESTMENT IN JOINT VENTURES

	Group	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost		
- In Malaysia	1,900	1,900
- Outside Malaysia	15	15
	1,915	1,915
Share of post-acquisition reserves	1,353	(1,330)
Exchange differences	17	87
	3,285	672

Details of the joint ventures as of 31 December 2024 are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Financial year end	Equity interest held (%)	
				2024	2023
Held by Hafary Pte Ltd:					
* Hafary Myanmar Investment Pte Ltd	Investment holding	Singapore	31 December	33.33	33.33
Held by Malaysian Mosaics Sdn Bhd:					
* Sino Ceramics Sdn Bhd	In liquidation	Malaysia	31 March	19.00	19.00
* Audited by a firm other than Ernst & Young PLT					

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

8. INVESTMENT IN JOINT VENTURES (CONTINUED)

The financial statements of the above joint ventures are coterminous with those of the Group, except for Sino Ceramics Sdn Bhd whose financial year end is 31 March. For the purpose of applying the equity method of accounting, the latest available financial information have been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and 31 December 2024.

The following table summarises the information of the Group's joint ventures, which are individually immaterial.

	Group	
	2024	2023
	RM'000	RM'000
<hr/>		
(i) Summary of financial information		
<i>As at 31 December:</i>		
Non-current assets	2,328	1,539
Current assets	30,478	23,183
Non-current liabilities	(470)	(599)
Current liabilities	(22,479)	(22,110)
Net assets	9,857	2,013
<hr/>		
<i>Year ended 31 December:</i>		
Revenue	17,206	51,152
Profit for the year	8,049	2,926
<hr/>		
(ii) Group's share of net assets/carrying amount in statement of financial position	3,285	672
<hr/>		
(iii) Group's share of results of joint ventures	2,683	972
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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2024	2023
	RM'000	RM'000
Cost:		
At 1 January	2,628,022	2,458,233
Additions	182,444	162,065
Transfer (to)/from:		
- property, plant and equipment (Note 4)	-	7,724
- property development costs (Note 14)	(174,986)	-
Costs charged to profit or loss	(29,413)	-
At 31 December	2,606,067	2,628,022
Represented by:		
Freehold land	1,585,913	1,643,822
Right-of-use assets – Leasehold land	478,528	507,034
Land development expenditure	541,626	477,166
	2,606,067	2,628,022

Included in additions was interest expense capitalised of RM91,492,000 (2023: RM84,292,000).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

10. INTANGIBLE ASSETS

	Goodwill RM'000	Customer relationship RM'000	Distributor rights RM'000	Trademark RM'000	Total RM'000
Group					
At cost					
At 1 January 2023	105,163	44,594	1,523	-	151,280
Acquisition of a subsidiary	18,222	13,551	-	-	31,773
At 31 December 2023/1 January 2024	123,385	58,145	1,523	-	183,053
Acquisition of a subsidiary	-	853	-	2,927	3,780
Exchange differences	(1,017)	(808)	-	(172)	(1,997)
At 31 December 2024	122,368	58,190	1,523	2,755	184,836
Accumulated amortisation/impairment loss					
At 1 January 2023	68,427	44,594	425	-	113,446
Amortisation (Note 30)	-	2,257	102	-	2,359
At 31 December 2023/1 January 2024	68,427	46,851	527	-	115,805
Amortisation (Note 30)	-	2,363	102	463	2,928
Impairment loss for the year (Note 30)	-	733	-	2,219	2,952
Exchange differences	-	(286)	-	73	(213)
At 31 December 2024	68,427	49,661	629	2,755	121,472
Net carrying amount					
At 31 December 2023	54,958	11,294	996	-	67,248
At 31 December 2024	53,941	8,529	894	-	63,364

(a) Goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments and tested for impairment at each of the reporting period.

	Group	
	2024 RM'000	2023 RM'000
Plantation	36,736	36,736
Building materials	17,205	18,222
	53,941	54,958

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

10. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (continued)

- (i) The recoverable amount of the plantation CGU has been determined based on the FVLCS method.
- (ii) The recoverable amounts of the building materials CGU have been determined based on VIU method using the five-year cash flow projections and 5% (2023: 5%) growth rate approved by the management, with terminal growth rate of 2% (2023: 2%) and discounted at the pre-tax rate of 14.5% (2023: 14.5%) which reflects the risks specific to the CGUs.

The estimated recoverable amount would still be higher than the carrying amount of goodwill if the discounted pre-tax rate is 1% less favourable than management's estimate.

(b) Customer relationship

The cost of customer relationship with definite useful life is amortised over period range of 5 to 13.2 years.

(c) Distributor rights

The cost of distributor rights with definite useful life is amortised over a period of 15 years.

(d) Trademark

The cost of trademark with definite useful life is amortised over a period of 6 years.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Trade receivables				
Hire purchase receivables	371,706	487,309	-	-
Loan receivables	761,768	772,939	-	-
Amounts due from an associate	-	36,840	-	-
	1,133,474	1,297,088	-	-
Less: Allowance for impairment	(68,732)	(87,151)	-	-
Advances received	(34,686)	(44,989)	-	-
	1,030,056	1,164,948	-	-
Non-trade receivables				
Net investment in lease	4,672	5,309	-	-
	1,034,728	1,170,257	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current				
Trade receivables				
Third parties	738,382	770,006	-	-
Lease receivables	-	141	-	-
Hire purchase receivables	315,368	378,797	-	-
Loan receivables	240,104	268,057	-	-
Amounts due from other related companies	378	380	-	-
Amounts due from associates	73,061	36,545	-	-
Amounts due from joint ventures	350	133	-	-
	1,367,643	1,454,059	-	-
Less: Allowance for impairment	(74,352)	(60,297)	-	-
Interest in suspense	(74,101)	(47,382)	-	-
Advances received	(27,586)	(28,292)	-	-
	1,191,604	1,318,088	-	-
Non-trade receivables				
Other receivables	77,949	70,027	423	423
Prepayments	41,196	41,977	12	11
Net investment in lease	281	272	-	-
Amounts due from associates	2,364	909	-	-
Amounts due from joint ventures	3,753	3,802	-	-
	125,543	116,987	435	434
	1,317,147	1,435,075	435	434
Total trade and other receivables (current and non-current)	2,351,875	2,605,332	435	434
Less: Prepayments	(41,196)	(41,977)	(12)	(11)
Add: Cash and bank balances (Note 18)	1,880,151	2,274,383	5,357	97,648
Total financial assets carried at amortised cost	4,190,830	4,837,738	5,780	98,071

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

(i) Third parties

These amounts are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2023: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(ii) Lease receivables and hire purchase receivables

Lease receivables and hire purchase receivables consist of the following:

	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
Group			
2024			
Less than 1 year	350,269	(34,901)	315,368
Between 1 and 5 years	397,163	(25,467)	371,696
After 5 years	10	-	10
	747,442	(60,368)	687,074
2023			
Less than 1 year	423,091	(44,153)	378,938
Between 1 and 5 years	523,467	(36,542)	486,925
After 5 years	778	(394)	384
	947,336	(81,089)	866,247

(iii) Amounts due from associates and joint ventures

The amounts due from associates are non-interest bearing and repayable in accordance with the normal credit terms disclosed in Note 11(a)(i) except for an amount of RM73,038,000 (2023: RM73,038,000) which is repayable in accordance with terms as per sale and purchase agreements.

The amounts due from joint ventures are non-interest bearing and repayable in accordance with the normal credit terms disclosed in Note 11(a)(i).

(iv) Amounts due from other related companies

Amounts due from other related companies are non-interest bearing and repayable in accordance with the normal credit terms disclosed in Note 11(a)(i).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

	Group	
	2024 RM'000	2023 RM'000
Total trade receivables:		
- Current	1,367,643	1,454,059
- Non-current	1,133,474	1,297,088
	2,501,117	2,751,147

The ageing analysis of trade receivables is as follows:

	Group	
	2024 RM'000	2023 RM'000
Neither past due nor impaired	127,856	154,209
Past due but not impaired:		
- Past due 1 – 30 days	4,026	21,097
- Past due 31 – 90 days	23,849	10,446
- Past due more than 90 days	34,480	13,837
	62,355	45,380
Assessed individually	356,878	340,660
Assessed collectively	1,954,028	2,210,898
Total trade receivables	2,501,117	2,751,147

The movement in the allowance for impairment loss is as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	147,448	132,812
Allowance for impairment losses (Note 30)	9,252	64,865
Reversal of impairment losses (Note 30)	(1,998)	(21,165)
Written off	(10,923)	(29,145)
Disposal of subsidiaries	-	(600)
Exchange differences	(695)	681
At 31 December	143,084	147,448

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-trade receivables

(i) Net investment in lease

	Group	
	2024 RM'000	2023 RM'000
At 1 January	5,581	8,096
Interest income	193	604
Lease payment received	(465)	(870)
Impairment loss	(356)	-
Derecognition	-	(2,249)
At 31 December	4,953	5,581

The lease payments to be received are as follows:

	Group	
	2024 RM'000	2023 RM'000
Less than one year	464	464
One to two years	464	464
Two to three years	464	464
Three to four years	464	464
Four to five years	464	464
More than five years	4,485	4,950
Total undiscounted lease payments	6,805	7,270
Unearned interest income	(1,496)	(1,689)
	5,309	5,581
Less: Impairment loss	(356)	-
Net investment in lease	4,953	5,581

The following are recognised in profit or loss:

	Group	
	2024 RM'000	2023 RM'000
Variable lease income that do not depend on an index or a rate	1,237	1,640

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-trade receivables (continued)

(ii) Amounts due from associates and joint ventures

Amounts due from associates and joint ventures are unsecured, non-interest bearing and repayable on demand.

Included in trade and other receivables of the Group are amounts denominated in foreign currencies (currencies other than the respective functional currencies of the Group entities) as follows:

	Group	
	2024	2023
	RM'000	RM'000
United States Dollar ["USD"]	18,483	15,335
Singapore Dollar ["SGD"]	-	77
Euro	53	87
Chinese Renminbi ["RMB"]	95	7,913
	18,631	23,412

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

12. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

	Group	
	2024	2023
	RM'000	RM'000
OTHER FINANCIAL ASSETS		
Non-current		
Financial assets at fair value through other comprehensive income		
- Equity investments (unquoted in Malaysia)	12	12
Financial assets at fair value through profit or loss		
- Equity investments (quoted outside Malaysia)	801	1,176
- Equity investments (unquoted outside Malaysia)	120	126
	921	1,302
	933	1,314
Current		
Derivatives - designated as hedging instrument		
- Cross currency interest rate swaps - cash flow hedges	-	53,829
Derivatives - not designated as hedging instrument		
- Forward currency contracts	5,066	458
	5,066	54,287
OTHER FINANCIAL LIABILITIES		
Non-current		
Derivatives - designated as hedging instrument		
- Cross currency interest rate swaps - cash flow hedges	17,108	-
Current		
Derivatives - designated as hedging instrument		
- Cross currency interest rate swaps - cash flow hedges	-	2,792
Derivatives - not designated as hedging instrument		
- Forward currency contracts	828	6,294
	828	9,086

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

12. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

Derivatives

(i) Forward currency contracts

The Group uses forward currency contracts to manage the foreign currency exposures arising from its receivables, payables, borrowings and firm commitments denominated in USD, Euro, Japanese Yen [“JPY”] and RMB which existed at the reporting date, extending to June 2025 (2023: June 2024). Hedges of foreign currency risk which meet the strict criteria for hedge accounting have been accounted for as a cash flow hedge. Other hedges of foreign currency risk that have not been accounted for as a cash flow hedge or those that do not qualify for hedge accounting, have been designated at fair value through profit or loss.

The fair value of forward currency contracts is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the reporting date applied to a contract of similar quantum and maturity portfolio.

(ii) Cross currency interest rate swaps

The Group entered into and designated cross currency interest rate swaps as hedging instruments in a cash flow hedge of the borrowings denominated in USD (2023: USD) and bearing interest at floating rates. These contracts are entered into for periods consistent with the foreign currency and floating interest rate exposures. As a result, the Group pays a fixed rate of interest for the borrowings. The terms of the cross currency interest rate swaps match the terms of the borrowings and the cash flow hedge have been assessed as highly effective. No hedge ineffectiveness has arisen requiring recognition through profit or loss.

The fair value of cross currency interest rate swaps is estimated using valuation techniques with observable inputs, which uses present value calculations, incorporate various input including foreign exchange spot and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

13. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Cost		
Properties held for sale	172,232	249,739
Raw materials	78,441	81,555
Produce inventories	47,131	3,516
Work-in-progress	4,617	6,468
Finished goods	891,014	808,715
	1,193,435	1,149,993
Net realisable value		
Properties held for sale	192,766	282,200
Raw materials	6,324	8,432
Produce inventories	-	49,613
Finished goods	92,794	118,277
	291,884	458,522
	1,485,319	1,608,515
Recognised in profit or loss		
Inventories recognised as cost of sales	3,585,558	4,435,864

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

14. PROPERTY DEVELOPMENT COSTS

	Land RM'000	Development costs RM'000	Accumulated costs charged to profit or loss RM'000	Total RM'000
Group				
At 1 January 2023	100,927	98,513	(20,749)	178,691
Transfer to inventories	(17,696)	(62,530)	-	(80,226)
Costs incurred during the year	-	27,749	-	27,749
Costs charged to profit or loss	-	-	(19,023)	(19,023)
Reversal of completed projects	-	(25,475)	25,475	-
At 31 December 2023/1 January 2024	83,231	38,257	(14,297)	107,191
Transfer from land held for property development (Note 9)	57,264	117,722	-	174,986
Costs incurred during the year	-	34,085	-	34,085
Costs charged to profit or loss	-	-	(13,902)	(13,902)
At 31 December 2024	140,495	190,064	(28,199)	302,360

Included in the property development costs incurred during the financial year was interest expense capitalised of RM3,535,000 (2023: RM3,176,000).

The property development costs included contract costs assets as follows:

	Group	
	2024 RM'000	2023 RM'000
Contract cost assets		
Costs to obtain contracts with customers	63	253
Costs to fulfil contracts	83	416
	146	669

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

15. BIOLOGICAL ASSETS

	Group	
	2024 RM'000	2023 RM'000
At 1 January	20,433	28,508
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 30)	44,190	(8,075)
At 31 December	64,623	20,433

The biological assets of the Group comprise fresh fruit bunches ["FFB"] of 2 months prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. The net present value of cash flows is then determined with reference to the market value of FFB based on Malaysian Palm Oil Board reference price as at reporting date, less production costs and other costs to sell.

As at 31 December 2024, the estimated quantity of unharvested FFB of the Group included in the fair value of FFB was 103,000 tonnes (2023: 99,000 tonnes).

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year.

Sensitivity analysis for FFB

The sensitivity analysis below indicates the approximate change in the Group's fair value of FFB and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Increase/ (decrease) in price and volume	Increase/(decrease) in fair value of biological assets and profit before tax for the year	
		2024 RM'000	2023 RM'000
Selling price	10%	11,060	6,995
	(10%)	(11,060)	(6,995)
Production volume	10%	6,462	1,990
	(10%)	(6,462)	(1,990)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2024 RM'000	2023 RM'000
CONTRACT ASSETS		
Current		
- Property development	15,183	13,272
CONTRACT LIABILITIES		
Non-current		
- Property development	-	37,028
Current		
- Property development	77,704	43,686
- Goods and services	20,760	32,641
	98,464	76,327

(a) Property development

Movement of contract assets and contract liabilities in relation to property development activities is analysed as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	(67,442)	(84,612)
Add: Property development revenue recognised during the year	14,549	23,207
Add: Legal fees	1,163	1,119
Less: Progress billings during the year	(10,791)	(7,156)
At 31 December	(62,521)	(67,442)
Analysed as follows:		
- Contract assets	15,183	13,272
- Contract liabilities	(77,704)	(80,714)
	(62,521)	(67,442)

The remaining contractual billings to customers from property development activities amounted to RM15,301,000 (2023: RM14,860,000) and will be billed progressively upon fulfilment of contractual milestone notwithstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development activities ranges within 1 year (2023: 1 year).

Included in the contract liabilities were deferred revenue of RM73,638,000 (2023: RM73,638,000) in relation to sales of properties to an associate which revenue to be recognised upon receipt of consideration.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

16. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Goods and services

The contract liabilities arising from sales of goods and services are the incentives to be claimed by dealers and considerations received from customers for services and obligations that are to be delivered and to be recognised as revenue over the next 1 year to 3 years.

17. MONEY MARKET DEPOSITS

Money market deposits are placements made in financial institutions which are designated upon initial recognition as financial assets at fair value through profit or loss.

Included in money market deposits of the Group and of the Company are amounts denominated in foreign currencies (currencies other than the respective functional currencies of the Group entities) as follows:

	Group/Company	
	2024 RM'000	2023 RM'000
USD	159,471	154,658
SGD	83,978	-
	243,449	154,658

Other information on financial risks of money market deposits are disclosed in Note 41.

18. CASH AND BANK BALANCES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash at banks and on hand	1,247,602	1,194,687	790	7,423
Deposits with licensed banks	632,549	1,079,696	4,567	90,225
Cash and bank balances	1,880,151	2,274,383	5,357	97,648

Included in cash at banks of the Group are amounts totalling RM23,010,000 (2023: RM24,246,000), the utilisation of which is subject to the Housing Development (Housing Development Account) Regulations 1991 and the Housing Developers (Project Account) Rules 1995.

Included in cash at banks of the Group and of the Company are amounts totalling RM1,122,504,000 (2023: RM1,026,336,000) and RM751,000 (2023: RM6,473,000) respectively which earned interest at floating rates of 0.05% to 3.65% (2023: 0.05% to 5.00%) per annum for the Group and 2.15% to 3.00% (2023: 2.15% to 3.00%) per annum for the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

18. CASH AND BANK BALANCES (CONTINUED)

Included in cash and bank balances of the Group and of the Company are amounts denominated in foreign currencies (currencies other than the respective functional currencies of the Group entities) as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
USD	16,242	27,118	-	944
SGD	685	102,860	28	85,704
Euro	8	362	-	-
RMB	8,787	5	-	-
Pound Sterling ["GBP"]	4,587	4,737	4,567	4,521
	30,309	135,082	4,595	91,169

Other information on financial risks of cash and cash equivalents are disclosed in Note 41.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Trade payables				
Accruals	-	159,028	-	-
Non-trade payables				
Advance received	8,015	8,099	-	-
Deferred lease income	673	905	-	-
Deposits received	14,042	18,167	-	-
Amount due to a subsidiary	-	-	449,710	530,600
	22,730	27,171	449,710	530,600
	22,730	186,199	449,710	530,600
Current				
Trade payables				
Third parties	505,792	614,918	-	-
Accruals	209,600	60,340	-	-
Amounts due to other related companies	1,356	1,152	-	-
Amount due to a joint venture	1,557	1,557	-	-
	718,305	677,967	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

19. TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-trade payables				
Accruals	247,836	197,669	3,540	4,378
Other payables	309,133	326,707	200	122
Advance received	374	532	-	-
Deferred lease income	697	736	-	-
Deposits received	17,902	13,053	-	-
Amount due to a joint venture	20	20	-	-
Amounts due to subsidiaries	-	-	1,824	2,188
	575,962	538,717	5,564	6,688
	1,294,267	1,216,684	5,564	6,688
Total trade and other payables (current and non-current)	1,316,997	1,402,883	455,274	537,288
Less: Deferred lease income	(1,370)	(1,641)	-	-
Advanced received	(8,389)	(8,631)	-	-
Add: Borrowings (Note 22)	7,156,792	6,834,261	-	-
Lease liabilities (Note 23)	130,039	133,996	10	27
Total financial liabilities carried at amortised cost	8,594,069	8,360,868	455,284	537,315

(a) Trade payables

(i) Third parties

These amounts are non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days (2023: 30 to 90 days).

(ii) Amounts due to other related companies

Amounts due to other related companies are non-interest bearing and are payable in accordance with the normal credit terms disclosed in Note 19(a)(i).

(iii) Amount due to a joint venture

Amount due to a joint venture is non-interest bearing and is payable in accordance with the normal credit terms disclosed in Note 19(a)(i).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

19. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Non-trade payables

(i) Other payables

These amounts are non-interest bearing and payable in accordance with the normal credit terms.

(ii) Amount due to a joint venture

Amount due to a joint venture is unsecured, non-interest bearing and payable in accordance with the normal credit terms.

(iii) Amount due to subsidiaries

Amounts due to subsidiaries is unsecured, non-interest bearing and payable in accordance with the normal credit terms except for an amount of RM449,710,000 (2023: RM530,600,000) which bears interest at rate of 4.45% (2023: 4.52%) per annum.

Included in trade and other payables of the Group are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group	
	2024	2023
	RM'000	RM'000
USD	145,205	230,961
Euro	5,833	11,236
RMB	3,646	14,468
SGD	718	714
JPY	10,058	6,806
	165,460	264,185

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

20. PROVISIONS

	Rebates RM'000 (i)	Land conversion premium obligations RM'000 (ii)	Assets retirement obligations RM'000 (iii)	Warranties RM'000 (iv)	Total RM'000
Group					
At 1 January 2023	3,673	313,656	500	337	318,166
Provision made during the year	3,413	-	-	1,808	5,221
Provision utilised during the year	(3,897)	-	-	(90)	(3,987)
Provision reversed during the year	-	-	-	(303)	(303)
Exchange differences	224	-	-	-	224
At 31 December 2023/ 1 January 2024	3,413	313,656	500	1,752	319,321
Provision made during the year	3,518	35,221	-	3,153	41,892
Provision utilised during the year	(3,222)	-	-	(586)	(3,808)
Provision reversed during the year	-	-	(500)	(104)	(604)
Exchange differences	(191)	-	-	-	(191)
At 31 December 2024	3,518	348,877	-	4,215	356,610

- (i) Provision for rebates relates to rebates given by a foreign subsidiary to customers for settlement of account within credit terms.
- (ii) Provision for land conversion premium obligations relates to obligations to pay the conversion premium for the land sold.
- (iii) Provision for asset retirement obligations relates to obligations to restore the leased assets to its original state after the tenure of the lease.
- (iv) Provision for warranties relates to warranties given to customers for commercial vehicles sold. The provision is based on estimates made from historical warranty data associated with similar products and services.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

21. EMPLOYEE BENEFITS

Retirement benefits

	Group	
	2024 RM'000	2023 RM'000
Defined benefit liability	1,078	1,412

Certain subsidiaries of the Group make contribution to non-contributory defined benefit plan that provide pension for employees upon retirement.

Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	Group	
	2024 RM'000	2023 RM'000
At 1 January	1,412	3,122
Exchange differences	(91)	72
	1,321	3,194
Included in profit or loss:		
Current service cost	48	(759)
Interest cost	58	66
Past service credit	(485)	27
	(379)	(666)
Included in other comprehensive income:		
Remeasurement loss	134	1,382
Others:		
Benefits paid	-	(2,503)
Exchange differences	2	5
At 31 December	1,078	1,412

Plan assets

There are no assets which qualify as plan assets because the plan is not a funded arrangement.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

21. EMPLOYEE BENEFITS (CONTINUED)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2024 %	2023 %
Discount rate	7.10	6.65
Future salary growth	7.00	7.00

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group			
	2024		2023	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	(31)	34	(35)	39
Future salary growth (1% movement)	36	(33)	40	(37)

Although the analysis does not account for the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

22. BORROWINGS

	Group	
	2024 RM'000	2023 RM'000
Non-current		
Secured:		
Term loans	479,175	551,356
Unsecured:		
Term loans	792,732	384,865
Medium term notes	3,522,500	3,205,000
	4,315,232	3,589,865
	4,794,407	4,141,221
Current		
Secured:		
Term loans	37,250	40,012
Revolving credits	71,509	93,156
	108,759	133,168
Unsecured:		
Term loans	217,521	854,494
Revolving credits	713,638	792,347
Trust receipts	60,009	55,817
Bankers' acceptances	129,958	92,214
Medium term notes	1,132,500	765,000
	2,253,626	2,559,872
	2,362,385	2,693,040
Total borrowings	7,156,792	6,834,261

The secured borrowings are in respect of foreign subsidiaries' borrowings which are secured against their buildings and prepaid lease payments as disclosed in Note 4 and investment properties as disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

22. BORROWINGS (CONTINUED)

(a) Medium term notes ["MTN"]

On 30 July 2018, Hap Seng Management Sdn Bhd ["HSM"], a wholly-owned subsidiary of the Company, lodged with the Securities Commission Malaysia to establish an unrated 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 20 years and 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 have a new combined limit of up to RM10.0 billion in nominal value.

(b) The remaining maturities of the borrowings are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Within one year	2,362,385	2,693,040
More than 1 year and less than 2 years	956,848	1,242,253
More than 2 years and less than 5 years	3,530,252	2,532,717
More than 5 years	307,307	366,251
	7,156,792	6,834,261

(c) Included in borrowings are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group	
	2024	2023
	RM'000	RM'000
USD	232,940	670,870
Euro	14,407	35,619
JPY	-	720
	247,347	707,209

Other information on financial risks of borrowings are disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

22. BORROWINGS (CONTINUED)

(d) Changes in liabilities arising from financing activities:

	1 January RM'000	Cash flows RM'000	Other changes RM'000	31 December RM'000
Group				
2024				
Term loans	1,830,727	(207,310)	(96,739)	1,526,678
Revolving credits	885,503	(91,165)	(9,191)	785,147
Trust receipts	55,817	7,582	(3,390)	60,009
Bankers' acceptances	92,214	37,744	-	129,958
Medium term notes	3,970,000	685,000	-	4,655,000
	6,834,261	431,851	(109,320)	7,156,792
Lease liabilities	133,996	(28,281)	24,324	130,039
Total liabilities from financing activities	6,968,257	403,570	(84,996)	7,286,831
2023				
Term loans	1,883,299	90,871	(143,443)	1,830,727
Revolving credits	685,071	195,356	5,076	885,503
Trust receipts	89,500	(38,251)	4,568	55,817
Bankers' acceptances	266,130	(173,916)	-	92,214
Medium term notes	4,145,000	(175,000)	-	3,970,000
	7,069,000	(100,940)	(133,799)	6,834,261
Lease liabilities	139,816	(24,939)	19,119	133,996
Total liabilities from financing activities	7,208,816	(125,879)	(114,680)	6,968,257
Company				
2024				
Lease liabilities, representing total liabilities from financing activities	27	(17)	-	10
2023				
Lease liabilities, representing total liabilities from financing activities	9	(14)	32	27

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

23. LEASE LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	133,996	139,816	27	9
Additions	30,499	17,517	-	32
Accretion of interest	5,289	4,933	1	1
Acquisition of subsidiaries	-	3,442	-	-
Modifications	(4,611)	(4,754)	-	-
Payments	(33,570)	(29,872)	(18)	(15)
Exchange differences	(1,564)	2,914	-	-
At 31 December	130,039	133,996	10	27
Non-current	109,238	109,387	-	11
Current	20,801	24,609	10	16
	130,039	133,996	10	27

During the financial year, the Group and the Company had cash outflows for leases amounted to RM33,570,000 (2023: RM29,872,000) and RM18,000 (2023: RM15,000) respectively. In addition, the Group and the Company had cash outflows for short term, low value and variable lease expense amounted to RM31,150,000 (2023: RM41,326,000) and RM1,331,000 (2023: RM1,339,000) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Included in lease liabilities of the Group are leases of RM2,161,000 (2023: RM1,295,000) under hire purchase arrangements which are secured by the lessors' charge over the leased assets as follows:

	Group	
	2024 RM'000	2023 RM'000
Carrying amount of plant and equipment under hire purchase arrangements	2,766	1,508

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	430,122	439,490	25	8
Acquisition of subsidiaries	-	3,246	-	-
Recognised in profit or loss (Note 33)	25,749	(13,577)	(21)	17
Exchange differences	(1,025)	963	-	-
At 31 December	454,846	430,122	4	25
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	498,993	497,478	4	25
Deferred tax assets	(44,147)	(67,356)	-	-
	454,846	430,122	4	25

The components and movements of deferred tax liabilities and deferred tax assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
At 1 January 2024	446,824	96,475	6,838	550,137
Recognised in profit or loss	1,281	12,636	1,325	15,242
Exchange differences	(893)	-	(154)	(1,047)
At 31 December 2024	447,212	109,111	8,009	564,332
Less: Deferred tax assets offset				(65,339)
Deferred tax liabilities recognised				498,993
At 1 January 2023	447,580	82,961	6,326	536,867
Acquisition of subsidiaries	-	-	3,246	3,246
Recognised in profit or loss	(1,868)	13,514	(2,671)	8,975
Exchange differences	1,112	-	(63)	1,049
At 31 December 2023	446,824	96,475	6,838	550,137
Less: Deferred tax assets offset				(52,659)
Deferred tax liabilities recognised				497,478

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

The components and movements of deferred tax liabilities and deferred tax assets during the financial year are as follows: (continued)

Deferred tax assets of the Group:

	Unabsorbed capital, agriculture and reinvestment allowances RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2024	(41,515)	(2,597)	(75,903)	(120,015)
Recognised in profit or loss	(11,827)	2,597	19,737	10,507
Exchange differences	-	-	22	22
At 31 December 2024	(53,342)	-	(56,144)	(109,486)
Offset against deferred tax liabilities				65,339
Deferred tax assets recognised				(44,147)
At 1 January 2023	(29,539)	(10,022)	(57,816)	(97,377)
Recognised in profit or loss	(11,976)	7,426	(18,002)	(22,552)
Exchange differences	-	(1)	(85)	(86)
At 31 December 2023	(41,515)	(2,597)	(75,903)	(120,015)
Offset against deferred tax liabilities				52,659
Deferred tax assets recognised				(67,356)

Deferred tax liabilities of the Company:

	2024 RM'000	2023 RM'000
Property, plant and equipment		
At 1 January	25	8
Recognised in profit or loss	(21)	17
At 31 December	4	25

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	399,563	366,407
Unabsorbed capital and agriculture allowances	180,460	176,565
Unabsorbed reinvestment allowances	198,200	198,200
Other temporary differences	482,403	391,041
	1,260,626	1,132,213

The above unutilised tax losses, unabsorbed capital, agriculture and reinvestment allowances are subject to agreement with the Inland Revenue Board. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in these subsidiaries against which the Group can utilise the benefits.

In accordance with the provision of Malaysian Finance Act 2021 requirement, the unutilised tax losses and unabsorbed reinvestment allowances are available for utilisation in the next ten years and fifteen years respectively, for which any excess at the end of the tenth and fifteenth year will be disregarded. Unabsorbed capital allowances and agriculture allowances do not expire under current tax legislation.

The expiry date of unutilised tax losses is shown below:

	Expiry Year	Group	
		2024 RM'000	2023 RM'000
Year of assessment			
- 2018	2028	181,523	181,649
- 2019	2029	24,267	24,267
- 2020	2030	64,875	64,875
- 2021	2031	33,561	33,561
- 2022	2032	25,136	25,136
- 2023	2033	39,820	36,919
- 2024	2034	30,381	-
		399,563	366,407

The unabsorbed reinvestment allowances will expire in year 2025.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

Global minimum top-up tax

The Group and the Company adopted the amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules, upon release on 2 June 2023. These amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2024. The Group and the Company will continue to assess the impact that may arise from the adoption.

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Number of ordinary shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid shares with no par value:				
At 1 January/31 December	2,489,682	2,489,682	3,519,554	3,519,554

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

At the annual general meeting of the Company held on 29 May 2024, shareholders of the Company renewed the then existing authorisation to the Company to repurchase its own shares. During the financial year, the Company did not purchase any of its own shares.

As at 31 December 2024, the Company held a total of 12,000 (2023: 12,000) ordinary shares at average cost per share of RM9.42 (2023: RM9.42) as treasury shares.

26. RESERVES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) Non-distributable reserves	118,728	144,914	-	-
(b) Distributable reserve				
- Retained profits	4,340,806	4,212,092	2,514,413	2,354,881
	4,459,534	4,357,006	2,514,413	2,354,881

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

26. RESERVES (CONTINUED)

(a) Non-distributable reserves

	Capital reserve RM'000 (i)	Cash flow hedge reserve RM'000 (ii)	Foreign exchange reserve RM'000 (iii)	Revaluation reserve RM'000 (iv)	Total non- distributable reserves RM'000
Group					
At 1 January 2023	35,038	(6,208)	4,827	84,997	118,654
Foreign currency translation differences for foreign operations	-	-	25,858	-	25,858
Share of foreign currency translation differences of:					
- associates	-	-	5,780	-	5,780
- joint ventures	-	-	70	-	70
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	(12,519)	-	(12,519)
Change in fair value of cash flow hedge	-	6,155	-	-	6,155
Revaluation of property, plant and equipment prior being transferred to investment properties	-	-	-	916	916
Total other comprehensive income for the year	-	6,155	19,189	916	26,260
At 31 December 2023/ 1 January 2024	35,038	(53)	24,016	85,913	144,914
Foreign currency translation differences for foreign operations	-	-	(36,267)	-	(36,267)
Share of foreign currency translation differences of:					
- associates	-	-	1,617	-	1,617
- joint ventures	-	-	(98)	-	(98)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	632	-	632
Change in fair value of cash flow hedge	-	(7,036)	-	-	(7,036)
Total other comprehensive loss for the year	-	(7,036)	(34,116)	-	(41,152)
Transfer to retained profits	-	-	14,966	-	14,966
At 31 December 2024	35,038	(7,089)	4,866	85,913	118,728

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

26. RESERVES (CONTINUED)

(a) Non-distributable reserves (continued)

The nature and purpose of each category of reserve are as follows:

(i) Capital reserve

Capital reserve in respect of a subsidiary of RM34,397,000 (2023: RM34,397,000) represents the revaluation reserve which was capitalised for bonus issue by a subsidiary whilst capital reserve in respect of an associate of RM641,000 (2023: RM641,000) represents the revaluation reserve of an associate.

(ii) Cash flow hedge reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships as at the reporting date which relates to the forward currency contracts and cross currency interest rate swaps entered by the Group to limit its exposure to foreign currency risk on its foreign currency loans.

(iii) Foreign exchange reserve

The foreign exchange reserve arises from translation of financial statements of foreign subsidiaries and share of foreign currency translation differences of associates and joint ventures.

(iv) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment properties.

(b) Distributable reserve - Retained profits

The Company may distribute dividend out of its entire retained profits as at 31 December 2024 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

27. REVENUE AND COST OF SALES

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contract with customers:				
- Sale of plantation produce	752,448	667,835	-	-
- Sale of goods and services	3,815,548	4,807,210	-	-
- Sale of properties under development	14,549	23,207	-	-
- Sale of completed properties	239,047	329,736	-	-
- Sale of land	592,437	-	-	-
	5,414,029	5,827,988	-	-
Revenue from other sources:				
- Dividend income:				
- From subsidiaries	-	-	692,744	686,655
- From associates	-	-	4,717	3,654
- Interest income from provision of financial services	128,221	180,672	-	-
- Property rental	88,465	77,458	-	-
	216,686	258,130	697,461	690,309
	5,630,715	6,086,118	697,461	690,309
Timing and recognition:				
- At a point in time	5,286,118	5,693,825	-	-
- Over time	127,911	134,163	-	-
	5,414,029	5,827,988	-	-

Cost of sales represents cost directly attributable to the generation of the above revenue except for dividend income and interest income from provision of financial services.

Segment information on revenue, operating profit, assets and liabilities of the Group is analysed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

28. FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expense on:				
Bank borrowings	310,435	303,931	-	-
Borrowings from other institutions	545	1,797	-	-
Amount due to a subsidiary	-	-	23,380	29,407
Lease liabilities (Note 23)	5,289	4,933	1	1
Others	17,849	16,976	-	-
	334,118	327,637	23,381	29,408
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 4)	(28,614)	(19,073)	-	-
- Investment properties (Note 5)	(26,536)	(14,800)	-	-
- Land held for property development (Note 9)	(91,492)	(84,292)	-	-
- Property development costs (Note 14)	(3,535)	(3,176)	-	-
	183,941	206,296	23,381	29,408

29. OTHER GAIN/(LOSS) ITEMS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) Other gain items				
Gain on disposal of subsidiaries	-	600,284	-	-
Gain on disposal of equity interest in a subsidiary	-	-	13,279	-
Reversal of impairment loss on investment in associates	-	-	-	5,201
Reversal of impairment loss on investment in subsidiaries	-	-	-	8,634
	-	600,284	13,279	13,835
(b) Other loss items				
Loss on disposal of a subsidiary	(632)	-	-	-
Impairment loss on investment in associates	(10,505)	(11,094)	(2,035)	-
Impairment loss on investment in a subsidiary	-	-	(5,381)	-
	(11,137)	(11,094)	(7,416)	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

30. PROFIT BEFORE TAX

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- current year				
- Ernst & Young PLT	1,200	1,126	210	190
- overseas member firms of Ernst & Young	138	139	28	27
- other auditors	2,851	2,516	-	-
- under provision in prior years				
- Ernst & Young PLT	74	99	17	10
- overseas member firms of Ernst & Young	1	4	-	1
- other auditors	77	57	-	-
Non audit fees for services rendered by:				
- Ernst & Young PLT	20	20	20	20
- local member firms of Ernst & Young PLT	328	361	-	55
- overseas member firms of Ernst & Young	10	10	-	-
Short term, low value and variable lease expenses	31,150	41,326	1,331	1,339
Depreciation of property, plant and equipment (Note 4)	210,195	209,095	93	156
Amortisation of intangible assets (Note 10)	2,928	2,359	-	-
Property, plant and equipment written off	2,630	4,390	-	-
Investment properties written off	203	1,321	-	-
Bad debts written off	149	111	-	-
Impairment loss on:				
- property, plant and equipment	1,173	12,309	-	-
- intangible assets	2,952	-	-	-
- trade receivables (Note 11)	9,252	64,865	-	-
- net investment in lease	356	-	-	-
(Net reversal of inventories written down)/ net inventories written down	(28,592)	53,931	-	-
Employee benefits expenses (Note 31)	552,865	559,714	12,832	15,650
Direct operating expenses arising from investment properties – rental generating properties	42,518	43,293	-	-
Loss/(gain) on equity investment at fair value through profit or loss	309	(7)	-	-
Gain on money market deposits at fair value	(44,258)	(36,349)	(8,069)	(12,053)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

30. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax is arrived at after charging/(crediting): (continued)				
Net (gain)/loss from fair value adjustments of biological assets	(44,190)	8,075	-	-
Net foreign exchange loss/(gain)	2,550	(5,896)	9,220	(3,407)
Loss/(gain) on disposal of property, plant and equipment	1,158	(1,894)	-	-
Gain on disposal of investment properties	(11,827)	-	-	-
Gain on remeasurement of a joint venture to a subsidiary	(1,497)	(26,143)	-	-
Negative goodwill arising from bargain purchase	(1,739)	-	-	-
Net loss from fair value adjustments of investment properties (Note 5)	31,957	99,090	-	-
Dividend income from equity investment at fair value through other comprehensive income	-	(742)	-	-
Dividend income from money market deposits	(10,201)	(22,279)	(355)	(8,160)
Reversal of impairment losses				
- trade receivables (Note 11)	(1,998)	(21,165)	-	-
Reversal of provisions	(604)	(303)	-	-
Recovery of bad debts	(788)	(454)	-	-
Rental income from properties	(25,277)	(23,005)	-	-
Interest income from:				
- deposits with licensed banks	(63,320)	(46,183)	(3,624)	(11,738)
- discounting on retention sum	(1,649)	(2,094)	-	-
- an associate	-	(3)	-	-
- others	(490)	(2,100)	-	-

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31. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and other staff related expenses	512,629	518,714	11,655	14,148
Pension costs – defined contribution plans	40,236	41,000	1,177	1,502
	552,865	559,714	12,832	15,650

Included in employee benefits expenses of the Group and of the Company were executive directors' remuneration of RM33,789,000 (2023: RM37,721,000) and RM10,466,000 (2023: RM13,293,000) respectively as further disclosed in Note 32.

32. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Executive directors' remuneration:				
Fees				
- Directors of the Company	204	204	-	-
Other emoluments				
- Directors of the Company	9,380	9,658	7,964	8,229
- Directors of subsidiaries	24,607	27,859	2,502	5,064
	34,191	37,721	10,466	13,293
Non-executive directors' remuneration:				
Fees				
- Directors of the Company	1,058	1,013	940	895
- Directors of subsidiaries	1,592	1,675	-	-
Other emoluments				
- Directors of subsidiaries	180	560	-	-
	2,830	3,248	940	895
Total directors' remuneration	37,021	40,969	11,406	14,188
Other key management personnel compensation	58,181	59,643	1,938	1,926
	95,202	100,612	13,344	16,114

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AS AT 31 DECEMBER 2024

32. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management personnel includes all the directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

Included in key management personnel compensation of the Group and of the Company were contributions to statutory pension funds of RM7,418,000 (2023: RM8,064,000) and RM1,177,000 (2023: RM1,502,000) respectively.

The estimated monetary value of directors' benefits-in-kind in respect of the Group and of the Company, which have not been included in the above key management personnel compensation, are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company	153	129	153	129
Directors of subsidiaries	453	375	110	50
Other key management personnel	2,527	2,281	72	81
	3,133	2,785	335	260

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

33. TAX EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysian income tax:				
- Current income tax	279,682	168,292	907	4,437
- (Over)/under provision in prior year	(8,755)	526	(5)	50
	270,927	168,818	902	4,487
Foreign income tax:				
- Current income tax	35,968	38,025	-	-
- Under provision in prior year	506	161	-	-
	36,474	38,186	-	-
Total income tax	307,401	207,004	902	4,487
Deferred tax (Note 24):				
- Relating to origination and reversal of temporary differences	21,539	(9,686)	(21)	17
- Under/(over) provision in prior year	4,210	(3,891)	-	-
Total deferred tax	25,749	(13,577)	(21)	17
Total tax expense	333,150	193,427	881	4,504

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

33. TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	1,105,166	1,101,919	658,347	682,164
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	265,240	264,461	158,003	163,719
Effect of different tax rates in other countries	(9,831)	(12,841)	-	-
Income not subject to tax	(14,921)	(162,035)	(172,518)	(172,705)
Expenses not deductible for tax purposes	72,319	99,135	15,401	13,440
Effect of share of results of associates	(5,981)	(7,144)	-	-
Effect of share of results of joint ventures	(456)	(165)	-	-
Deferred tax assets not recognised	30,819	15,220	-	-
(Over)/under provision in prior year				
- income tax	(8,249)	687	(5)	50
- deferred tax	4,210	(3,891)	-	-
Tax expense for the year	333,150	193,427	881	4,504

34. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company, calculated as follows:

	Group	
	2024	2023
Profit attributable to owners of the Company (RM'000)	650,480	800,325
Weighted average number of ordinary shares ('000)	2,489,670	2,489,670
Basic earnings per share (sen)	26.13	32.15

The Group has no potential dilutive shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

35. DIVIDENDS

	Group/Company	
	2024 RM'000	2023 RM'000
Recognised during the year:		
Dividends paid in respect of financial year ended 31 December 2023:		
- first interim (10 sen per ordinary share under single tier system)	-	248,967
- second interim (15 sen per ordinary share under single tier system)	-	373,450
Dividends paid in respect of financial year ended 31 December 2024:		
- first interim (10 sen per ordinary share under single tier system)	248,967	-
- second interim (10 sen per ordinary share under single tier system)	248,967	-
	497,934	622,417

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2024.

No dividend is payable for treasury shares held or cancelled.

36. CAPITAL COMMITMENTS

	Group	
	2024 RM'000	2023 RM'000
Capital expenditure:		
Contracted but not provided for		
- Property, plant and equipment	153,326	420,330
- Investment properties	305,327	563,728
	458,653	984,058

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

37. LEASE COMMITMENTS

Operating lease commitments

Group as lessor

The Group has entered into operating leases on its investment properties portfolio consisting of land and buildings. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Within one year	83,303	87,516
After one year but not more than five years	84,364	97,078
	167,667	184,594

38. SEGMENT INFORMATION

For management purposes, the Group is organised into business units according to their nature of activities and the six reportable operating segments are as follows:

- (i) Plantation - Cultivation of oil palm and processing of fresh fruit bunches
- (ii) Property - Property investment, property development and hospitality
- (iii) Credit financing - Provision of financial services
- (iv) Automotive - Trading in motor vehicles, spare parts and servicing of motor vehicles
- (v) Trading - Trading and distribution of fertilizers and agro-chemical, trading of general building materials and petroleum products
- (vi) Building materials - Operation of stone quarries and asphalt plants, manufacture of bricks and tiles, distribution and wholesale of building materials

Segment accounting policies are the same as the policies described in Note 2, Material Accounting Policies. All inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group finance costs are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

38. SEGMENT INFORMATION (CONTINUED)

	Plantation		Property		Credit financing		Automotive		Trading		Building materials		Other non-reportable segments		Eliminations		Consolidated		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2024																			
Revenue																			
External revenue	752,448	985,560	128,444	560,925	2,287,838	915,500	-	-	-	-	-	-	-	-	-	-	-	-	5,630,715
Inter-segment revenue	-	24,951	49,910	9,634	173,234	118,705	-	-	-	-	-	-	-	-	-	-	-	-	(376,434)
Total revenue	752,448	1,010,511	178,354	570,559	2,461,072	1,034,205	-	-	-	-	-	-	-	-	-	-	-	-	5,630,715
Results																			
Operating profit/(loss)	270,943	590,529	156,523	35,791	103,993	181,393	(2,087)	(65,934)	1,271,151	(183,941)	(11,137)	26,410	2,683	1,105,166	(333,150)	772,016	(121,536)	650,480	
Finance costs																			
Other loss items																			
Share of results of associates																			
Share of results of joint ventures																			
Profit before tax																			
Tax expense																			
Profit for the year																			
Non-controlling interests																			
Profit attributable to owners of the Company																			

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

38. 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	Consolidated RM'000
2024 (continued)								
Assets and liabilities								
Segment assets	2,594,445	8,757,393	2,197,086	542,303	1,213,927	1,928,522	1,161,041	18,394,717
Investment in associates								500,431
Investment in joint ventures								3,285
Deferred tax assets								44,147
Tax recoverable								92,945
Total assets								19,035,525
Segment liabilities	77,302	1,820,603	584,281	209,259	450,710	1,204,686	4,731,075	9,077,916
Deferred tax liabilities								498,993
Tax payable								38,405
Total liabilities								9,615,314
Other information								
Additions to non-current assets	67,094	807,008	7,269	5,334	562	69,489	1,359	958,115
Depreciation and amortisation	74,253	20,073	10,596	20,969	14,539	70,952	1,741	213,123
Impairment losses on non-current assets	-	-	-	-	-	4,125	10,505	14,630

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

38. SEGMENT INFORMATION (CONTINUED)

	2023	Plantation RM'000	Property RM'000	Credit financing		Automotive RM'000	Trading RM'000	Building materials RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
				RM'000	RM'000						
Revenue											
External revenue		667,835	466,303	182,340	1,375,635	2,557,886	836,119	-	-	-	6,086,118
Inter-segment revenue		-	27,781	48,505	14,196	237,306	115,923	-	-	(443,711)	-
Total revenue		667,835	494,084	230,845	1,389,831	2,795,192	952,042	-	-	(443,711)	6,086,118
Results											
Operating profit/(loss)		123,407	(60,374)	155,735	65,246	217,313	202,965	24,189	(43,420)		685,061
Finance costs											(206,296)
Other gain items											600,284
Other loss items											(11,094)
Share of results of associates											32,992
Share of results of joint ventures											972
Profit before tax											1,101,919
Tax expense											(193,427)
Profit for the year											908,492
Non-controlling interests											(108,167)
Profit attributable to owners of the Company											800,325

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

38. 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	Consolidated RM'000
2023 (continued)								
Assets and liabilities								
Segment assets	2,404,630	7,975,621	2,628,659	697,347	1,541,896	1,945,595	757,993	17,951,741
Investment in associates								500,795
Investment in joint ventures								672
Deferred tax assets								67,356
Tax recoverable								130,070
Total assets								18,650,634
Segment liabilities	63,257	1,394,098	1,032,594	191,214	585,708	1,144,742	4,402,701	8,814,314
Deferred tax liabilities								497,478
Tax payable								64,108
Total liabilities								9,375,900
Other information								
Additions to non-current assets	78,150	922,663	11,049	12,751	10,952	93,981	1,186	1,130,732
Depreciation and amortisation	76,404	18,587	10,052	23,380	17,061	63,939	2,031	211,454
Impairment losses on non-current assets	-	1,531	-	-	7,977	2,801	11,094	23,403

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

38. SEGMENT INFORMATION (CONTINUED)

Additions to non-current assets consist of the following:

	Group	
	2024 RM'000	2023 RM'000
Property, plant and equipment (Note 4)	580,996	471,568
Investment properties (Note 5)	194,675	497,099
Land held for property development (Note 9)	182,444	162,065
	958,115	1,130,732

Geographical Segments

The Group's geographical segments are based on the location of the customers and the assets.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	4,283,645	4,656,068	9,521,722	9,060,607
Other Asian countries	1,196,236	1,334,947	997,865	1,059,854
Others	150,834	95,103	7	4
	5,630,715	6,086,118	10,519,594	10,120,465

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2024 RM'000	2023 RM'000
Property, plant and equipment	4,872,494	4,650,184
Investment properties	2,977,669	2,775,011
Land held for property development	2,606,067	2,628,022
Intangible assets	63,364	67,248
	10,519,594	10,120,465

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

39. MATERIAL LITIGATIONS

- (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 7 May 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 7 May 2025 for the Court of Appeal to give directions on the appeal.

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40. FAIR VALUE MEASUREMENT

(a) Fair value of financial instruments

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of non-current receivables and payables which are based on principal amounts outstanding representing approximately the cash flow receivables and payables discounted at their effective yield, closely approximate their fair values.

The carrying amount of non-current borrowings which bear fixed and floating interest rates are expected to approximate fair values and would not be significantly different from the values that would eventually be settled.

(b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for which fair value is measured.

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Fair value measurement hierarchy for assets/(liabilities):

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2024				
Assets measured at fair value				
Investment properties	2,417,786	-	-	2,417,786
Equity investments (Note 12)	933	801	-	132
Money market deposits (Note 17)	1,769,613	-	1,769,613	-
Biological assets (Note 15)	64,623	-	-	64,623
Derivative financial assets (Note 12)				
Forward currency contracts	5,066	-	5,066	-
Derivative financial liabilities (Note 12)				
Forward currency contracts	(828)	-	(828)	-
Cross currency interest rate swaps	(17,108)	-	(17,108)	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

40. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value hierarchy (continued)

Fair value measurement hierarchy for assets/(liabilities): (continued)

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group (continued)				
2023				
Assets measured at fair value				
Investment properties	2,396,379	-	-	2,396,379
Equity investments (Note 12)	1,314	1,176	-	138
Money market deposits (Note 17)	1,146,549	-	1,146,549	-
Biological assets (Note 15)	20,433	-	-	20,433
Derivative financial assets (Note 12)				
Forward currency contracts	458	-	458	-
Cross currency interest rate swaps	53,829	-	53,829	-
Derivative financial liabilities (Note 12)				
Forward currency contracts	(6,294)	-	(6,294)	-
Cross currency interest rate swaps	(2,792)	-	(2,792)	-

The Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period. There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

The Company's money market deposits were fair valued within Level 2 of the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, credit risk and market price risk.

The Group operates within clearly defined guidelines and it is the Group's policy not to engage in speculative transactions. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing financial instruments with floating interest rates. The Group manages interest costs on borrowings using a prudent mix of fixed and floating rate bank facilities.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets				
Lease receivables	-	141	-	-
Hire purchase receivables	687,074	866,106	-	-
Deposits with licensed banks	632,549	1,079,696	4,567	90,225
	1,319,623	1,945,943	4,567	90,225
Financial liabilities				
Term loans	(150,000)	(192,099)	-	-
Lease liabilities	(130,039)	(133,996)	(10)	(27)
	(280,039)	(326,095)	(10)	(27)
	1,039,584	1,619,848	4,557	90,198
Floating rate instruments				
Financial assets				
Loan receivables	1,001,872	1,040,996	-	-
Cash at banks	1,122,504	1,026,336	751	6,473
	2,124,376	2,067,332	751	6,473
Financial liabilities				
Amount due to a subsidiary	-	-	(449,710)	(530,600)
Term loans	(1,376,678)	(1,638,628)	-	-
Revolving credits	(785,147)	(885,503)	-	-
Medium term notes	(4,655,000)	(3,970,000)	-	-
Trust receipts	(60,009)	(55,817)	-	-
Bankers' acceptances	(129,958)	(92,214)	-	-
	(7,006,792)	(6,642,162)	(449,710)	(530,600)
	(4,882,416)	(4,574,830)	(448,959)	(524,127)

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk (continued)

The weighted average effective interest rates of deposits with licensed banks as at 31 December 2024 for the Group and the Company were 3.92% (2023: 4.04%) and 4.85% (2023: 3.95%) respectively and will mature within 3 months (2023: 3 months).

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points ["bp"] in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2024				
Floating rate instruments	(35,984)	35,984	(3,412)	3,412
2023				
Floating rate instruments	(30,285)	30,285	(3,983)	3,983

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currencies. The Group is also exposed to currency risk in respect of its foreign investments in subsidiaries, associates and joint ventures. The Group uses forward currency contracts and cross currency interest rate swaps to limit its exposure on foreign currency receivables, payables and borrowings, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the respective functional currencies of the Group entities are as follows:

	Net unhedged financial assets/(liabilities) held in non-functional currencies						
	USD RM'000	SGD RM'000	Euro RM'000	RMB RM'000	GBP RM'000	JPY RM'000	Total RM'000
Group							
Functional currency of Group entities							
2024							
RM	179,132	83,886	3,575	8,882	4,587	14,548	294,610
Indonesian Rupiah ["IDR"]	430	-	-	-	-	-	430
SGD	6,569	-	(2,985)	(3,646)	-	-	(62)
RMB	44	-	-	-	-	-	44
GBP	-	59	-	-	-	-	59
	186,175	83,945	590	5,236	4,587	14,548	295,081
2023							
RM	178,299	102,125	7,553	(14,463)	4,521	1,003	279,038
IDR	153	-	-	-	-	-	153
SGD	10,308	-	(9,743)	7,913	-	-	8,478
USD	-	-	-	-	216	-	216
RMB	46	-	-	-	-	-	46
GBP	-	98	-	-	-	-	98
	188,806	102,223	(2,190)	(6,550)	4,737	1,003	288,029

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (continued)

The net unhedged financial assets and financial liabilities of the Company that are not denominated in the functional currency of the Company are as follows:

	Net unhedged financial assets held in non-functional currencies			
	USD RM'000	SGD RM'000	GBP RM'000	Total RM'000
Company				
Functional currency of the Company				
2024				
RM	159,471	84,006	4,567	248,044
2023				
RM	155,602	85,704	4,521	245,827

Currency risk sensitivity analysis

A 5% strengthening of the below foreign currencies against the functional currencies of the Group and of the Company at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
USD	7,099	7,211	6,060	5,913
SGD	3,190	3,885	3,192	3,257
Euro	12	(117)	-	-
RMB	187	(222)	-	-
GBP	174	181	174	172
JPY	553	38	-	-

A 5% weakening of the above foreign currencies against the functional currencies of the Group and of the Company at the end of the reporting period would had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (continued)

Hedging activities

At the reporting date, the Group had entered into forward currency contracts and cross currency interest rate swaps with the following notional amounts and maturities:

	Currency	Within 1 year RM'000	1 - 5 years RM'000	Notional amount RM'000	Fair value Assets (Liabilities) RM'000 RM'000	
Group						
2024						
Designated as fair value through profit or loss						
Receivables hedge	USD	2,634	-	2,634	-	(5)
Payables hedge	USD/JPY/Euro/RMB	174,851	-	174,851	333	(671)
Borrowings hedge	Euro	15,390	-	15,390	-	(152)
Firm commitment hedge	USD	372,920	-	372,920	4,733	-
		565,795	-	565,795	5,066	(828)
Designated as cash flow hedges						
Borrowings hedge	USD	-	244,000	244,000	-	(17,108)
		565,795	244,000	809,795	5,066	(17,936)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (continued)

Hedging activities (continued)

	Currency	Within 1 year RM'000	1 - 5 years RM'000	Notional amount RM'000	Fair value Assets (Liabilities) RM'000 RM'000	
Group (continued)						
2023						
Designated as fair value through profit or loss						
Receivables hedge	USD	6,205	-	6,205	55	-
Payables hedge	USD/JPY/Euro	274,338	-	274,338	336	(2,248)
Borrowings hedge	USD/JPY/Euro	31,798	-	31,798	67	(15)
Firm commitment hedge	USD	278,028	-	278,028	-	(4,031)
		590,369	-	590,369	458	(6,294)
Designated as cash flow hedges						
Borrowings hedge	USD	620,652	-	620,652	53,829	(2,792)
		1,211,021	-	1,211,021	54,287	(9,086)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2024							
<i>Non-derivative financial liabilities</i>							
Borrowings							
Term loans	1,526,678	1.50 – 6.50	1,784,742	319,617	204,490	905,732	354,903
Revolving credits	785,147	3.75 – 6.81	796,041	796,041	-	-	-
Bankers' acceptances	129,958	3.59 – 5.31	134,910	134,910	-	-	-
Trust receipts	60,009	4.40 – 4.58	62,675	62,675	-	-	-
Medium term notes	4,655,000	4.63 – 4.88	5,186,283	1,328,546	969,210	2,888,527	-
Lease liabilities	130,039	2.28 – 7.30	203,488	25,700	20,278	24,905	132,605
Accruals	147,453	7.30	164,097	164,097	-	-	-
Deposits received	23,751	2.79 – 4.94	25,164	12,724	6,403	5,017	1,020
Trade and other payables	1,136,034	-	1,136,034	1,136,034	-	-	-
	8,594,069		9,493,434	3,980,344	1,200,381	3,824,181	488,528
<i>Derivative financial liabilities</i>							
Designated as hedging instruments							
Cash flow hedges	17,108	-	17,108	-	-	-	17,108
Not designated as hedging instruments							
Forward currency contracts	828	-	828	828	-	-	-
	17,936		17,936	828	-	-	17,108
	8,612,005		9,511,370	3,981,172	1,200,381	3,824,181	505,636

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group (continued)							
2023							
<i>Non-derivative financial liabilities</i>							
Borrowings							
Term loans	1,830,727	1.30 – 5.14	1,971,060	902,337	143,375	571,540	353,808
Revolving credits	885,503	3.50 – 5.64	901,223	901,223	-	-	-
Bankers' acceptances	92,214	0.92 – 5.27	93,253	93,253	-	-	-
Trust receipts	55,817	4.50 – 4.96	58,450	58,450	-	-	-
Medium term notes	3,970,000	4.64 – 4.92	4,402,460	936,635	1,259,329	2,206,496	-
Lease liabilities	133,996	2.28 – 7.30	209,616	28,131	28,111	19,745	133,629
Accruals	159,028	7.30	190,762	-	190,762	-	-
Deposits received	22,796	2.79 – 4.94	24,481	7,522	9,126	6,813	1,020
Trade and other payables	1,210,787	-	1,210,787	1,210,787	-	-	-
	<u>8,360,868</u>		<u>9,062,092</u>	<u>4,138,338</u>	<u>1,630,703</u>	<u>2,804,594</u>	<u>488,457</u>
<i>Derivative financial liabilities</i>							
Designated as hedging instruments							
Cash flow hedges	2,792	-	2,792	2,792	-	-	-
Not designated as hedging instruments							
Forward currency contracts	6,294	-	6,294	6,294	-	-	-
	<u>9,086</u>		<u>9,086</u>	<u>9,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,369,954</u>		<u>9,071,178</u>	<u>4,147,424</u>	<u>1,630,703</u>	<u>2,804,594</u>	<u>488,457</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000
Company					
2024					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	10	4.48	10	10	-
Trade and other payables	5,564	-	5,564	5,564	-
Amount due to a subsidiary	449,710	4.45	489,734	20,012	469,722
	<u>455,284</u>		<u>495,308</u>	<u>25,586</u>	<u>469,722</u>
2023					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	27	4.48	27	17	10
Trade and other payables	6,688	-	6,688	6,688	-
Amount due to a subsidiary	530,600	4.52	578,566	23,983	554,583
	<u>537,315</u>		<u>585,281</u>	<u>30,688</u>	<u>554,593</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial instruments. The maximum exposure to credit risk is represented by the carrying amount of these financial assets.

Measurement of expected credit loss

The Group applies the MFRS 9 simplified approach in measuring expected credit losses which estimates a lifetime expected credit loss allowance for trade receivables. Expected credit losses are measured as a function of probability of default and loss given default. Probability of default is the likelihood of default over a particular time horizon and is derived using external credit ratings, if they are available, or internal credit ratings based on quantitative or qualitative information for the counterparty. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Corporation's historical experience.

The Group assessed ECL for trade receivables based on two different approaches, namely collective assessment and individual debtor assessment.

(i) Collective assessment

To measure the expected credit losses under the collective approach, trade receivables have been grouped based on shared credit risk characteristics and number of days past due. The expected loss rates are developed based on the historical credit losses rate. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

(ii) Individual debtor assessment

The Group applies individual debtor assessment for debtors with different risk characteristics, where the credit risk information of these debtors is obtained and monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

The ageing analysis of trade receivables at the end of the reporting date is as follows:

	Gross amount RM'000	Individual impairment RM'000	Collective impairment RM'000	Net amount RM'000
Group				
2024				
Not past due	1,845,109	(84,000)	(13,472)	1,747,637
Past due 1 – 30 days	285,846	(133)	(1,770)	283,943
Past due 31 – 90 days	196,112	(53)	(1,128)	194,931
Past due more than 90 days	174,050	(38,711)	(3,817)	131,522
	2,501,117	(122,897)	(20,187)	2,358,033
2023				
Not past due	1,776,434	-	(22,884)	1,753,550
Past due 1 – 30 days	343,230	(241)	(3,976)	339,013
Past due 31 – 90 days	459,239	(64,163)	(2,425)	392,651
Past due more than 90 days	172,244	(53,348)	(411)	118,485
	2,751,147	(117,752)	(29,696)	2,603,699

Financial guarantees

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

Corporate guarantees with a nominal amount of RM6,236,669,000 (2023: RM5,883,497,000) were provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in quoted equity and placement in money market deposits. These instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

Sensitivity analysis

At the reporting date, had the market price of these instruments been 1% higher/lower, with all other variables held constant, the profit or loss would have increased/(decreased) by RM17,704,000 (2023: RM10,267,000) for the Group and RM2,467,000 (2023: RM2,275,000) for the Company as a result of changes in fair value of these instruments classified as financial assets at fair value through profit or loss.

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal gearing ratio that complies with the requirements of debt covenants.

There were no changes in the Group's approach to capital management during the year. The debt-to-equity ratios as at the end of the reporting period were as follows:

	Group	
	2024 RM'000	2023 RM'000
Borrowings (Note 22)	7,156,792	6,834,261
Money market deposits (Note 17)	(1,769,613)	(1,146,549)
Cash and bank balances (Note 18)	(1,880,151)	(2,274,383)
Net borrowings	3,507,028	3,413,329
Total equity excluding intangible assets	9,356,847	9,207,486
Net debt-to-equity ratio (times)	0.37	0.37

The net debt-to-equity ratio is not governed by MFRS Accounting Standards and its definition and calculation may vary from one group/company to another.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

43. RELATED PARTIES

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions (except for dividend income and dividend paid) between the Group and related parties took place at terms agreed between the parties during the financial year.

Related parties	Transactions	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company:					
Datuk Edward Lee Ming Foo, JP	Rental expenses	(41)	(82)	-	-
Firm connected to Datuk Edward Lee Ming Foo, JP, a director of the Company:					
Corporated International Consultants Sdn Bhd	Engineering consultancy fee	(1,414)	(1,260)	-	-
Incorporated Consortium Sdn Bhd	Project management fee	(701)	(549)	-	-
Firm in which Datuk Simon Shim Kong Yip, JP, a director of the Company, has interest:					
Shim Pang & Co	Legal fees	(464)	(676)	-	(100)
	Servicing of motor vehicles	12	8	-	-
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company ^	Advisory fees	(5,700)	(5,650)	(5,700)	(5,650)

^ Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a major shareholder of the Company by virtue of his substantial shareholding in Gek Poh (Holdings) Sdn Bhd, the holding company of the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Person connected to director of the Company	Sale of motor vehicles	-	530	-	-
Companies in which directors of subsidiaries have interests	Sale of products	507	1,050	-	-
	Rental income	694	633	-	-
	Property management fee	(799)	(307)	-	-
	Project management fee	620	577	-	-
	Software implementation and subscription fee	(156)	(156)	-	-
Companies connected to Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company:					
Samling Strategic Corporation Sdn Bhd Group	Sale of products	41,677	49,518	-	-
	Rental income	1	2	-	-
	Purchase of products	-	(12)	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Companies connected to Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company:					
Lei Shing Hong Limited Group	Disposal of 100% equity interest in subsidiaries	-	879,203	-	-
	Sale of products	465	348	-	-
	Handling fees	1,058	1,210	-	-
	Administration fees	233	215	-	-
	Rental income	233	233	-	-
	Project management, marketing and construction services	-	86	-	-
	Purchase of products	-	(10)	-	-
	Rental expenses	(13,450)	(13,958)	-	-
	Administrative charges	(42)	(41)	-	-
	Utilities and maintenance charges	(42)	(43)	-	-
	Purchase of insurance policies	-	(317)	-	-
	Quarry tribute	(1,602)	(1,726)	-	-
	Dividend paid	(12,309)	(12,309)	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Gek Poh (Holdings) Sdn Bhd and its subsidiaries	Disposal of 100% equity interest in a subsidiary	-	51,000	-	-
	Rental income	185	185	-	-
	Sale of products	42	22	-	-
	Utilities and maintenance income	7	5	-	-
	Handling fees	1,406	1,682	-	-
	Project management fee	1,722	715	-	-
	Insurance premiums *	(15,075)	(14,337)	(170)	(171)
	Rental expenses	(28)	-	-	-
Associates	Sale of products	270	672	-	-
	Service charge	1,325	963	-	-
	Plantation management fee income	257	257	-	-
	Interest income	-	3	-	-
	Dividend income	-	-	4,717	3,654
Joint ventures	Sale of products	1,718	61	-	-
	Interest income	-	227	-	-
	Purchase of products	-	(16,795)	-	-

* This relates to insurance premiums paid/payable via a related company acting as an insurance agent.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Subsidiaries	Dividend income	-	-	692,744	686,655
	Servicing of motor vehicles	-	-	(198)	(140)
	Rental expenses	-	-	(20)	(19)
	Management fees	-	-	(98)	(133)
	Car usage charges	-	-	(1,437)	(1,336)
	Hotel accommodation, food and beverage	-	-	(6)	(12)
	Interest expense	-	-	(23,380)	(29,407)

Compensation to key management personnel is as disclosed in Note 32.

(b) Balances with related parties

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due (to)/from				
Corporated International Consultants Sdn Bhd	(1,045)	(65)	-	-
Incorporated Consortium Sdn Bhd	(43)	-	-	-
Shim Pang & Co	(24)	(26)	-	-
Companies in which directors of subsidiaries have interests	327	1,659	-	-
Samling Strategic Corporation Sdn Bhd Group	8,042	9,087	-	-
Lei Shing Hong Limited Group	150	132	-	-
Gek Poh (Holdings) Sdn Bhd and its subsidiaries	(94)	308	-	-
Associates	73,104	73,385	-	-
Joint ventures	350	-	-	-
Subsidiaries	-	-	(1,824)	(2,188)

The above balances arose from recurrent related party transactions of revenue or trading nature.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

44. SIGNIFICANT EVENTS DURING THE YEAR

- (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 loss of RM0.6 million to the Group.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

44. SIGNIFICANT EVENTS DURING THE YEAR (CONTINUED)

- (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.
- (j) On 6 November 2024, Hafary Shanghai 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.
- (k) On 20 November 2024, *Hap Seng Land Development Sdn Bhd has completed the transfer of 300,000 ordinary shares representing 30% shareholding of *Sierra Positive Sdn Bhd ["Sierra Positive"] to Zalhin Development Sdn Bhd for a cash consideration of RM300,000. With the completion of the said transfer, Sierra Positive has become a 70%-owned subsidiary of the Company.

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

45. SUBSEQUENT EVENTS

- (a) On 3 January 2025, Malaysian Mosaics Sdn Bhd ["MMSB"], a wholly-owned subsidiary of the Company entered into a shares sale agreement with Hafary Shanghai Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited ["Hafary"], a 50.82%-owned listed subsidiary of the Company, pursuant to which MMSB had agreed to dispose of the entire registered and paid-up capital of USD580,000 of MML (Shanghai) Trading Co., Ltd ["MML Shanghai"] for a cash consideration RMB15,000,000. With the completion of aforesaid disposal, MML Shanghai has become a wholly-owned subsidiary of Hafary.
- (b) 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 2025 due to various extensions of time mutually agreed in writing by the parties thereto ["Platinum Park Conditional Period"].

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

45. SUBSEQUENT EVENTS (CONTINUED)

(b) (continued)

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.

- (c) 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 ["JKTWPKL"] to be obtained by TKLM for the transfer of the Met 3 Land in favour of Sierra Positive [collectively, "Authorities' Approvals"].

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

45. SUBSEQUENT EVENTS (CONTINUED)

(c) (continued)

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.

On 20 December 2024, Sierra Positive obtained the EPU Approval. Subsequently, on 6 February 2025, Sierra Positive received approval from JKTWPKL for the transfer of the Met 3 Land in its favor.

With these approvals obtained, the Met 3 SPA became unconditional on 6 February 2025, and the Proposed Met 3 Acquisition was completed on 17 February 2025, upon receipt of the balance of the Met 3 Acquisition Consideration by TKLM's solicitors.

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

ADDITIONAL INFORMATION

The following additional information are provided in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

1. STATUS OF THE UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

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 comprising 50,000,000 ordinary shares to Lei Shing Hong Capital Limited ("LSHCL"), a wholly-owned subsidiary of Lei Shing Hong Limited for a cash consideration of GBP152.96 million which is equivalent to RM879.20 million ("HCML Disposal").

The proceeds from HCML Disposal were fully utilised in the current financial year ended 31 December 2024 as follows:

Details of utilisation	Proposed utilisation		As at 31 December 2024 Utilisation RM'000	Deviation under/(over) spent RM'000
	Per *Circular RM'000	**Adjusted RM'000		
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)
	186,438	228,303	228,510	(207)
Estimated expenses	900	900	693	207 @
	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).

@ The estimated expenses of RM207,000 not utilised have been deployed for working capital requirements, item (c).

ADDITIONAL INFORMATION

2. MATERIAL CONTRACTS

There were no other material contracts of the Company and its subsidiaries involving the interests of the directors, chief executive who is not a director or major shareholders, subsisting as at 31 December 2024, and/or entered into since 31 December 2023.

3. RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the recurrent related party transactions of a revenue or trading in nature which were entered into by the Company and its subsidiaries with the related parties during the financial year ended 31 December 2024 are as disclosed in Note 43 to the Financial Statements.

The Company will be seeking renewal of and new shareholders' mandate for recurrent related party transactions at the annual general meeting to be convened on 28 May 2025.

PARTICULARS OF TOP TEN PROPERTIES OF THE GROUP

Location	Area	Description	Date of acquisition/ revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2024 RM'000
MALAYSIA							
KUALA LUMPUR							
Lot PT 50086, Mukim Batu, Kuala Lumpur.	36,220 m ²	KL Midtown Mixed Development	December 2018	Freehold	-	-	1,124,806
Lot PT 50386, Mukim Batu, Kuala Lumpur.	61,425 m ²	Land held for development	January 2022	Freehold	-	-	1,027,058
Lot 1260, Seksyen 57, Jalan Sultan Ismail, Kuala Lumpur.	2,036 m ²	Hyatt Centric City Centre Kuala Lumpur 21-storey hotel	August 2021	Freehold	-	1	425,556
Lot 11383, Seksyen 57, Jalan P. Ramlee, Kuala Lumpur.	4,376 m ²	Menara Hap Seng 2 31-storey office building	December 2024	Freehold	-	11	372,209
Lot 1308, Seksyen 57, Jalan Raja Chulan, Kuala Lumpur.	6,404 m ²	The Weld & Menara Weld 26-storey office building together with a 6-storey retail mall	December 2024	Freehold	-	23 - 33	334,245
Lot PT 118, Seksyen 57, Jalan P. Ramlee, Kuala Lumpur.	2,728 m ²	Menara Hap Seng 3 26-storey office building	December 2024	Freehold	-	5	314,586
Lot 387, Seksyen 63, Jalan Stonor, Kuala Lumpur.	6,907 m ²	Land held for development	December 2021	Freehold	-	-	294,817
SABAH							
KOTA KINABALU							
Mile 13, Jalan Tuaran, Menggatal, Kota Kinabalu.	597,896 m ²	Land held for development and autohaus under construction	July 2019	Leasehold 999 years	2905	-	363,494

PARTICULARS OF TOP TEN PROPERTIES OF THE GROUP

Location	Area	Description	Date of acquisition/ revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2024 RM'000
MALAYSIA							
SABAH							
KINABATANGAN, LAHAD DATU							
Tomanggong Estate	4,890 ha	Oil palm plantation and buildings Tomanggong Palm Oil Mill	January 2017	Leasehold 99 years/ 999 years	2067/2094/ 2894	2 - 56	881,489
Tabin Estate	3,055 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076/ 2093/2096/ 2097/2098	3 - 39	
Tagas Estate	2,010 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076	1 - 48	
Litang Estate	1,571 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years/ 999 years	2076/2091/ 2887/2900	6 - 39	
Sungai Segama Estate	5,174 ha	Oil palm plantation and buildings Plantation Central Office and Clubhouse	January 2017	Leasehold 99 years	2089	1 - 29	
Bukit Mas Estate	4,733 ha	Oil palm plantation and buildings Bukit Mas Palm Oil Mill	January 2017	Leasehold 99 years/ 999 years	2089/ 2887	1 - 29	

PARTICULARS OF TOP TEN PROPERTIES OF THE GROUP

Location	Area	Description	Date of acquisition/ revaluation	Tenure	Year of expiry	Approximate age of buildings (years)	Carrying amount at 31/12/2024 RM'000
MALAYSIA							
SABAH							
KINABATANGAN, LAHAD DATU (CONTINUED)							
Batangan Estate	3,633 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	1 - 42	540,484
Lutong Estate	2,448 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078/2098/ 2099	3 - 33	
Lokan Estate	3,155 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	4 - 28	
Kapis Estate	2,681 ha	Oil palm plantation and buildings Jeroco Palm Oil Mill I and II	January 2017	Leasehold 99 years	2078	3 - 38	
Lungmanis Estate	2,200 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	2 - 27	

PLANTATION STATISTICS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2024	2023	2022	2021	2020
CROP PRODUCTION - TONNES					
FFB	649,070	637,719	583,943	593,279	637,131
PROCESSED - TONNES					
FFB - own	632,017	619,914	566,026	575,440	623,169
FFB - purchased	79,648	89,950	75,225	76,465	79,106
Palm Oil	146,595	147,318	130,510	133,284	144,977
Palm Kernel	32,182	33,788	29,450	30,286	33,594
EXTRACTION RATE - %					
Palm Oil	20.60	20.75	20.35	20.45	20.64
Palm Kernel	4.52	4.76	4.59	4.65	4.78
MATURE AREA - HECTARES					
Oil Palm					
30 months to 7 years	3,980	4,577	4,941	4,933	5,040
> 7 years to 17 years	12,566	11,394	11,164	10,279	10,196
> 17 years onwards	15,730	16,396	16,030	17,224	17,050
Total mature area	32,276	32,367	32,135	32,436	32,286
AVERAGE YIELD TONNES/HECTARE					
FFB yield per mature hectare	20.11	19.70	18.17	18.29	19.73
Oil per mature hectare	4.14	4.09	3.70	3.74	4.07
AVERAGE SELLING PRICE RM/TONNE					
FFB	737	638	934	856	510
Palm Oil	4,309	3,942	5,530	4,432	2,788
Palm Kernel	2,810	2,154	3,278	2,952	1,681

PLANTATION STATISTICS

AREA SUMMARY (HECTARES) AS AT 31 DECEMBER 2024

	River Estates Group	Jeroco Group	Pelipikan	* Kota Marudu	Total
Oil Palm					
Mature	18,524	12,264	903	585	32,276
Immature	2,122	458	-	-	2,580
Total Oil Palm	20,646	12,722	903	585	34,856
Other crops	60	86	-	-	146
Total planted area	20,706	12,808	903	585	35,002
Reserve plantable	27	5	-	81	113
Building, road, reserves, etc	2,080	1,304	462	142	3,988
Total	22,813	14,117	1,365	808	39,103

Conversion Rate : 1 hectare = 2.4710 acres

* Including 200 acres (81 hectares) of land adjoining to the existing land of which the land title is currently under application.

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

Total number of issued shares	:	2,489,681,583 (including 12,000 treasury shares)
Class of shares	:	ordinary share
Voting rights	:	one vote per ordinary share
Number of shareholders	:	15,884

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	*No. of Shares Held	% of Issued Shares
1 to 99	490	3.09	7,635	#
100 to 1,000	3,803	23.94	2,506,872	0.10
1,001 to 10,000	8,241	51.88	36,716,340	1.48
10,001 to 100,000	3,016	18.99	88,099,743	3.54
100,001 to less than 5% of issued shares	331	2.08	433,466,922	17.41
5% & above of issued shares	3	0.02	1,928,872,071	77.47
Total	15,884	100.00	2,489,669,583	100.00

* The number of 2,489,669,583 ordinary shares which was arrived at after deducting 12,000 treasury shares held by the Company from its issued shares of 2,489,681,583 ordinary shares.

Negligible

LIST OF 30 LARGEST SHAREHOLDERS

No.	Shareholding	% ⁽³⁾
1. Gek Poh (Holdings) Sdn Bhd	1,360,094,542	54.63
2. Affin Hwang Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (Clients Account)	369,412,949	14.84
3. Hap Seng Insurance Services Sdn Bhd	199,364,580	8.01
4. Affin Hwang Nominees (Asing) Sdn Bhd - Exempt AN for Phillip Securities (Hong Kong) Ltd (Clients' Account)	109,236,600	4.39
5. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Naza Corporation Holdings Sdn Bhd	60,000,000	2.41
6. MBSB Bank Berhad - Pledged Securities Account for Naza Corporation Holdings Sdn Bhd	40,000,000	1.61
7. Innoprise Corporation Sdn Bhd	34,730,473	1.40
8. Chinchoo Investment Sdn Berhad	13,578,380	0.55
9. Gan Teng Siew Realty Sdn Berhad	12,308,600	0.49
10. Key Development Sdn Berhad	11,008,800	0.44
11. Mikdavid Sdn Bhd	8,320,600	0.33

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

No.	Shareholding	% ⁽³⁾
12. H'ng Poh Gin	6,282,400	0.25
13. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Naza Corporation Holdings Sdn Bhd	5,678,918	0.23
14. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	4,832,400	0.19
15. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Total International Stock Index Fund	4,048,429	0.16
16. Rengo Malay Estate Sendirian Berhad	4,032,000	0.16
17. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN For Barclays Capital Securities Ltd	3,871,300	0.16
18. Bidor Tahan Estates Sdn Bhd	3,780,000	0.15
19. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Emerging Markets Stock Index Fund	3,685,000	0.15
20. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,347,126	0.13
21. HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc	2,540,776	0.10
22. Gemas Bahru Estates Sdn Bhd	2,243,000	0.09
23. Citigroup Nominees (Asing) Sdn Bhd - UBS AG	2,119,573	0.09
24. Chinchoo Holdings (S) Private Limited	2,041,200	0.08
25. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	2,020,271	0.08
26. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Emerging Markets Small Capitalization Equity Index Nonlendable Fund	1,885,800	0.08
27. HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC for Abu Dhabi Investment Authority	1,756,980	0.07
28. HSBC Nominees (Asing) Sdn Bhd - J.P. Morgan Securities Plc	1,605,500	0.06
29. Cartaban Nominees (Asing) Sdn Bhd - BCSL Client AC PB Cayman Clients	1,547,300	0.06
30. Tan Bee Guat	1,513,200	0.06
Total	2,276,886,697	91.45

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

SUBSTANTIAL SHAREHOLDERS

	Direct Shareholding		Indirect Shareholding	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Gek Poh (Holdings) Sdn Bhd	1,360,094,542	54.63	199,364,580 ⁽¹⁾	8.01
Hap Seng Insurance Services Sdn Bhd ("Hap Seng Insurance")	199,364,580	8.01	-	-
Affin Hwang Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (Clients A/C for An Soon Unity Incorporated)	295,772,687	11.88	-	-
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	1,559,459,122 ⁽²⁾	62.64

Notes:

- ⁽¹⁾ Deemed interest through its wholly-owned subsidiary, Hap Seng Insurance, pursuant to section 8 of the Companies Act 2016 (the "Act").
- ⁽²⁾ Deemed interest by virtue of his direct and/or indirect shareholdings in Gek Poh (Holdings) Sdn Bhd pursuant to section 8 of the Act.
- ⁽³⁾ For purpose of computing the percentage of shareholding above, the number of ordinary shares used was 2,489,669,583 which was arrived at after deducting 12,000 treasury shares held by the Company from its issued shares of 2,489,681,583 ordinary shares.

DIRECTORS' SHAREHOLDINGS

AS AT 2 APRIL 2025

Related Corporation	Direct Shareholding		Indirect Shareholding	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Hap Seng Plantations Holdings Berhad ("HSP")				
Datuk Simon Shim Kong Yip, JP	180,000	0.023	-	-

As at 2 April 2025, none of the directors of the Company have any direct and/or indirect shareholdings in the Company.

Note:

⁽¹⁾ For purpose of computing the percentage of HSP shareholding above, the number of ordinary shares used was 799,685,200 which was arrived at after deducting 314,800 treasury shares held by HSP from its issued shares of 800,000,000 ordinary shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 49th annual general meeting of Hap Seng Consolidated Berhad will be held at the Sandakan Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 28 May 2025 at 10am to transact the following:-

AGENDA

ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2024 together with the reports of directors and auditors. *Note 1*

To consider and if thought fit, to pass the following ordinary resolutions:-

2. To re-elect the following directors who shall retire by rotation in accordance with clause 116 of the Company's constitution and being eligible, have offered themselves for re-election:- *Notes 2 & 3*

(a) Datuk Simon Shim Kong Yip, JP

Resolution 1

(b) Ms. Cheah Yee Leng

Resolution 2

3. To approve payment of directors' fees of the Company and its subsidiary amounting to RM1,009,752.00 for the financial year ended 31 December 2024. *Note 4*

Resolution 3

4. To reappoint Messrs Ernst & Young PLT as auditors of the Company to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the directors of the Company. *Note 5*

Resolution 4

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions:-

5. **Authority to allot shares pursuant to section 75 of the Companies Act 2016**

"That subject always to the approvals of the relevant authorities, the directors of the Company be and are hereby empowered pursuant to section 75 of the Companies Act 2016 to allot shares in the Company at any time upon such terms and conditions, and for such purposes as the directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." *Note 6*

Resolution 5

NOTICE OF ANNUAL GENERAL MEETING

6. **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.3 of the Circular/Statement to shareholders dated 30 April 2025, which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That such approval shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by a resolution passed at the annual general meeting; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

and that the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the proposed renewal of and new shareholders' mandate." Note 7

Resolution 6

7. **Proposed renewal of share buy-back authority**

"That subject always to section 127 of the Companies Act 2016, the Company's constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the approvals of all relevant governmental and/or regulatory authorities, the directors of the Company be and are hereby authorised to purchase ordinary shares in the Company through Bursa Malaysia Securities Berhad, provided that:-

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;
- (b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2024; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) the authority conferred by this resolution shall continue to be in force until:-
- (1) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or
 - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
 - (3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first;

and that the directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
- (iv) transfer the treasury shares or any of the said shares as purchase consideration; and/or
- (v) in any other manner as prescribed by section 127(7) of the Companies Act 2016,

and further that the directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." Note 8

Resolution 7

By order of the Board

Lim Guan Nee (MAICSA 7009321)
SSM Practising Certificate No. 202008003410
Company Secretary

Kuala Lumpur
30 April 2025

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes to the Agenda:-

- Pursuant to section 340(1) and (2) of the Companies Act 2016 ("Act"), the directors shall lay before the Company at its annual general meeting ("AGM") its audited financial statements made up to a date not more than 6 months before the date of the AGM. There is no voting required on the item 1 of the agenda.
- Pursuant to clause 116 of the Company's constitution, at least one-third of the directors of the Company for the time being shall retire from office at every AGM and be eligible for re-election.
- During the financial year ended 31 December 2024, the nominating committee ("NC") conducted various assessments, including assessment of the collective performance of the board, individual director's performance, independence assessment of each independent director and the nature and extent of conflict of interest or potential conflict of interest of directors, if any, as well as fit and proper assessment of the retiring directors. Based on the results of board effectiveness evaluation, all the directors met the performance criteria required of an effective board. Based on the assessment of the retiring directors, the NC's recommendations have been made to and approved by the board. The board (except for the retiring directors who have abstained) has recommended for the directors who are to retire in accordance with clause 116 of the Company's constitution to stand for re-election during the AGM.
- Pursuant to section 230(1) of the Act, the Company shall at every AGM approve of the fees payable to the directors of the Company and its subsidiaries. The remuneration committee is responsible for conducting a regular review of the fees payable to non-executive directors and members of the board committees. This is to ensure that they are appropriately remunerated in line with the market benchmarking.

The last increase in fees payable to the chair and non-executive members of the board and the chair and members of the respective board committee was approved by shareholders of Company during the 46th AGM held on 26 May 2022. Based on the recommendations of the remuneration committee, the board had approved of the following proposed revised fees with effect from 1 January 2024 subject to shareholders' approval to be obtained during the AGM:-

	Chairman	Non-executive director	Audit committee chairman	Audit committee member	Remuneration committee chairman	Remuneration committee member	Nominating committee chairman	Nominating committee member
Approved current fees (per annum)	RM210,000	RM115,000	RM20,000	RM17,500	RM10,000	RM8,750	RM10,000	RM8,750
Proposed fees to be approved (per annum)	RM220,500	RM120,750	RM21,000	RM18,375	RM10,500	RM9,188	RM10,500	RM9,188

The above total directors' fees of RM1,009,752.00 exclude directors' fees payable by the Company's listed subsidiaries, namely Hap Seng Plantations Holdings Berhad and Hafary Holdings Limited, which are subject to their own shareholders' approval being obtained.

- Pursuant to section 271(4) and section 273(b) of the Act, the Company shall at every AGM appoint its auditors who shall hold office until the conclusion of the next AGM. The audit committee had assessed the suitability and independence of Messrs Ernst & Young PLT ("EY"), the auditors of the Company based on the following criteria:-
 - their performance and quality of work;
 - experience and competency of professional staff assigned to the audit;
 - adequacy of resources;
 - independence throughout the conduct of the audit engagement; and
 - level of non-audit services and fees rendered to the Group.

The audit committee was satisfied with the suitability of EY in terms of their audit quality, performance, competency and sufficiency of resources as well as provisions of non-audit services, which did not impair their objectivity and independence as auditors of the Company. The board approved of the audit committee's recommendation for shareholders' approval to be sought at this AGM on the proposed reappointment of EY as auditors of the Company.

- The proposed resolution 5 is to authorise the Company to allot shares pursuant to section 75 of the Act. This proposed resolution 5, if passed, will empower the directors of the Company to allot ordinary shares in the Company up to 10% of the total number of issued shares of the Company for the time being, subject to compliance with all other regulatory requirement and this authority will enable the Company to finance investment projects, working capital and/or acquisitions by issuing new shares as and when the need arises without delay or incurring costs in convening a separate general meeting. This authority, unless revoked or varied at an earlier general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this notice of AGM, the Company has not issued any new shares pursuant to the authority granted by the shareholders at the last AGM held on 29 May 2024, which authority shall lapse at the conclusion of this AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. *The proposed resolution 6 is to authorise the Company and its subsidiaries to enter into recurrent related party transactions ("RRPT") which are necessary for day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would eliminate the need to make regular announcements to Bursa Malaysia Securities Berhad or convene separate general meetings from time to time to seek shareholders' approval as and when RRPT arise, thereby reducing substantial administrative time and expenses in convening such meetings.*

Further information on the said RRPT is set out in Part A of the Circular/Statement to shareholders dated 30 April 2025 which is issued together with the Company's 2024 Annual Report.

8. *The proposed resolution 7 is to authorise the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of next AGM of the Company. Further information on the proposed renewal of share buy-back authority is set out in Part B of the Circular/Statement to shareholders dated 30 April 2025 which is issued together with the Company's 2024 Annual Report.*

Notes to the notice of AGM:-

1. *A depositor shall not be regarded as a member entitled to attend this AGM, to speak and vote thereat unless his/her name appears in the record of depositors as at 21 May 2025.*
2. *Subject to note 3 below, a member entitled to attend and vote at this AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either (a) deposit at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submit electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*

STATEMENT ACCOMPANYING NOTICE OF 49TH ANNUAL GENERAL MEETING

(Pursuant to paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as directors

No individual is seeking election as a director at the forthcoming 49th AGM of the Company.

2. General mandate for issue of securities in accordance to paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details of general mandate for directors to allot and issue shares in the Company pursuant to section 75 of the Companies Act 2016 are set out in item 6 of explanatory notes to the agenda in the notice of 49th AGM.

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Hap Seng Consolidated Berhad 197601000914 (26877-W)

PROXY FORM

No. of shares	CDS Account No.

I/We _____ NRIC No./Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____ Tel No. _____ being
(FULL ADDRESS)

a member/members of Hap Seng Consolidated Berhad, do hereby appoint _____
(FULL NAME OF PROXY IN BLOCK LETTERS)

NRIC No./Company No. _____ of _____
(FULL ADDRESS)

_____ Tel No. _____ Email address _____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 49th annual general meeting of the Company to be held at the Sandakan Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 28 May 2025 at 10am or at any adjournment thereof in the manner as indicated below:-

AGENDA

- To table the audited financial statements for the financial year ended 31 December 2024 together with the reports of directors and auditors.

ORDINARY BUSINESS

		FOR	AGAINST
2.	To re-elect Datuk Simon Shim Kong Yip, JP as director of the Company.	Resolution 1	
3.	To re-elect Ms. Cheah Yee Leng as director of the Company.	Resolution 2	
4.	To approve the payment of directors' fees.	Resolution 3	
5.	To reappoint Messrs Ernst & Young PLT as auditors of the Company.	Resolution 4	

SPECIAL BUSINESS

		FOR	AGAINST
6.	Authority to allot shares pursuant to section 75 of the Companies Act 2016.	Resolution 5	
7.	To approve renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	Resolution 6	
8.	To approve renewal of share buy-back authority.	Resolution 7	

Please indicate with a "v" in the spaces above on how you wish your votes to be cast. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Signed this _____ day of _____ 2025

Signature(s)/Common Seal of Shareholder(s)

Notes:-

1. *A depositor shall not be regarded as a member entitled to attend this annual general meeting ("AGM"), to speak and vote thereat unless his/her name appears in the record of depositors as at 21 May 2025.*
2. *Subject to note 3 below, a member entitled to attend and vote at this AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either be (a) deposit at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submit electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*

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Postage

THE COMPANY SECRETARY
HAP SENG CONSOLIDATED BERHAD
Registration No. 197601000914 (26877-W)
Reception Counter, Ground Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

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HAP SENG CONSOLIDATED BERHAD

Registration No. 197601000914 (26877-W)

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