



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



To be the employer of choice.



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

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

Group 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
Public Bank Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia 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				
	2025	2024	2023	2022	2021
INCOME (RM'000)					
Revenue	5,107,149	5,630,715	6,086,118	7,110,496	6,012,754
Profit before interest and tax	983,257	1,223,648	1,257,835	1,455,367	1,610,004
Profit before tax	855,390	1,105,166	1,101,919	1,330,460	1,449,898
Profit attributable to owners of the Company	500,323	650,480	800,325	950,655	900,433
FINANCIAL POSITION (RM'000)					
Assets					
Total assets	18,672,817	19,035,525	18,650,634	18,654,245	17,481,224
Net assets	7,937,427	7,978,975	7,876,447	7,673,661	7,507,391
Current assets	6,210,015	6,932,407	6,789,775	6,895,636	7,524,553
Liabilities					
Current liabilities	3,851,391	4,171,760	4,403,175	4,250,747	3,943,221
Borrowings	6,933,369	7,156,792	6,834,261	7,069,000	6,316,317
Net borrowing*	3,796,858	3,507,028	3,413,329	4,213,074	3,222,631
Equity					
Paid-up share capital	3,519,554	3,519,554	3,519,554	3,519,554	3,519,554
Shareholders' equity	7,937,427	7,978,975	7,876,447	7,673,661	7,507,391
Total equity	9,385,143	9,420,211	9,274,734	8,994,223	8,704,759
Total equity (excluding intangible assets)	9,324,951	9,356,847	9,207,486	8,956,389	8,666,823
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 (%)	2.68	3.42	4.29	5.10	5.15
Return on shareholders' equity (%)	6.30	8.15	10.16	12.39	11.99
Current ratio (times)	1.61	1.66	1.54	1.62	1.91
Net Debt-to-Equity ratio (times) [@]	0.41	0.37	0.37	0.47	0.37
SHARE INFORMATION					
Per share					
Basic earnings (sen) [#]	20.10	26.13	32.15	38.18	36.17
Net assets (RM) ^{##}	3.19	3.20	3.16	3.08	3.02
Dividend (sen)	20.00	20.00	25.00	30.00	35.00
Share price (RM)					
Year high	3.58	4.93	7.40	8.30	8.85
Year low	2.40	3.37	3.03	5.75	7.30
As at 31 December	2.84	3.50	4.55	6.40	7.70
Market capitalisation (RM'000)	7,070,662	8,713,844	11,327,997	15,933,885	19,170,459
Trading volume ('000)	150,802	89,297	498,221	119,715	93,248

* 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)

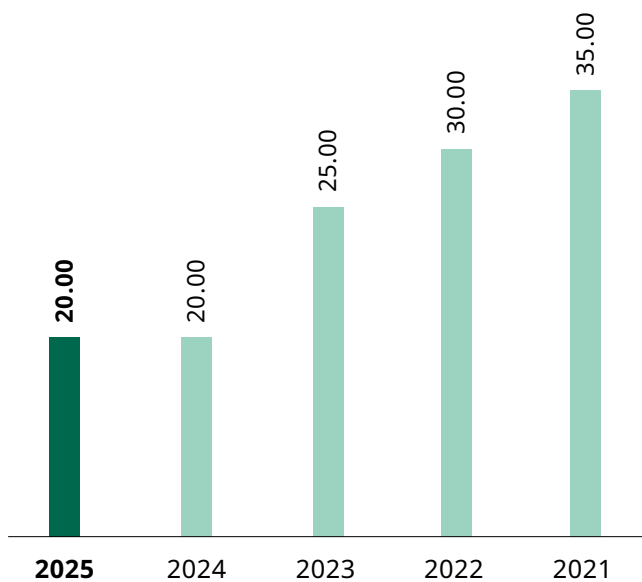
Based on weighted average number of shares in issue net of treasury shares

Based on number of shares in issue net of treasury shares

GROUP FINANCIAL HIGHLIGHTS

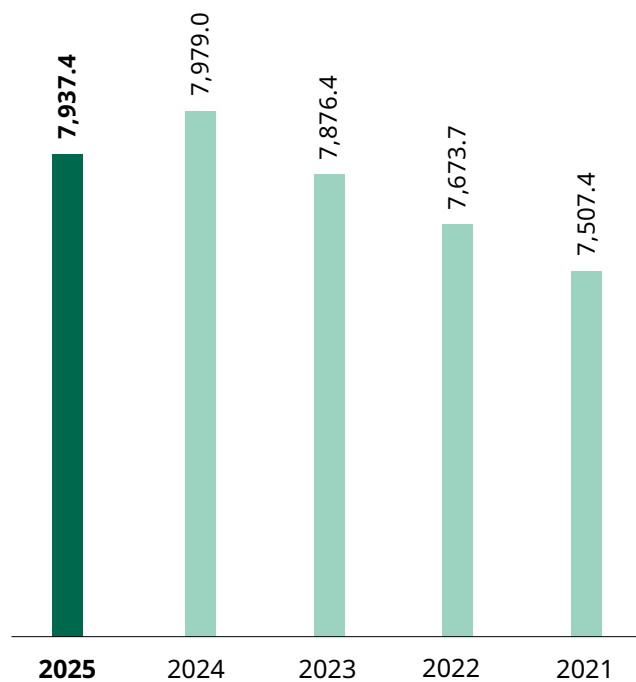
DIVIDEND PER SHARE

(sen)



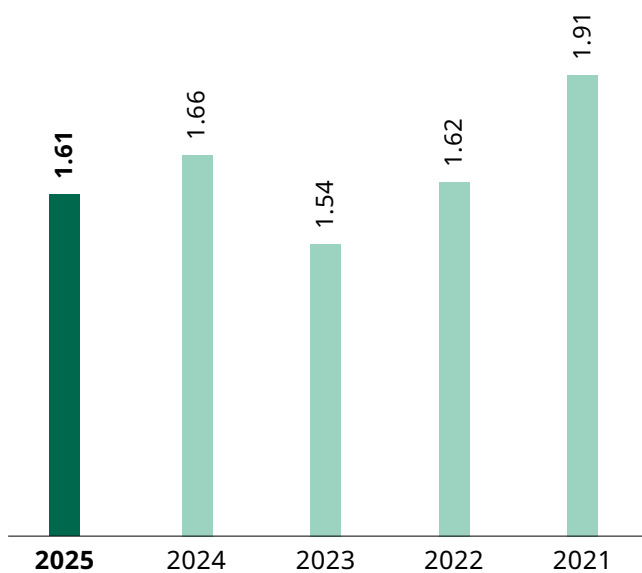
SHAREHOLDERS' EQUITY

(RM'million)



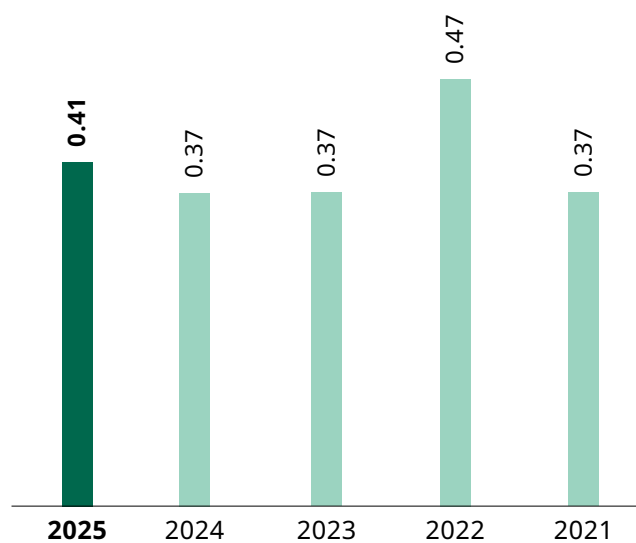
CURRENT RATIO

(times)



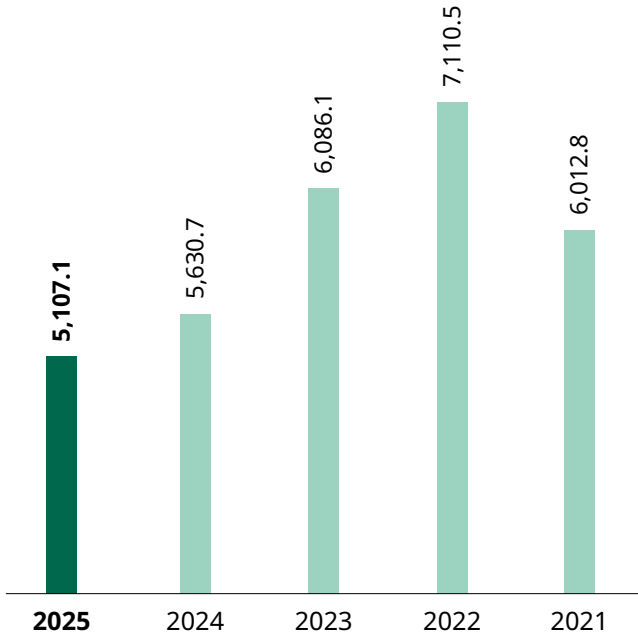
NET DEBT-TO-EQUITY RATIO

(times)

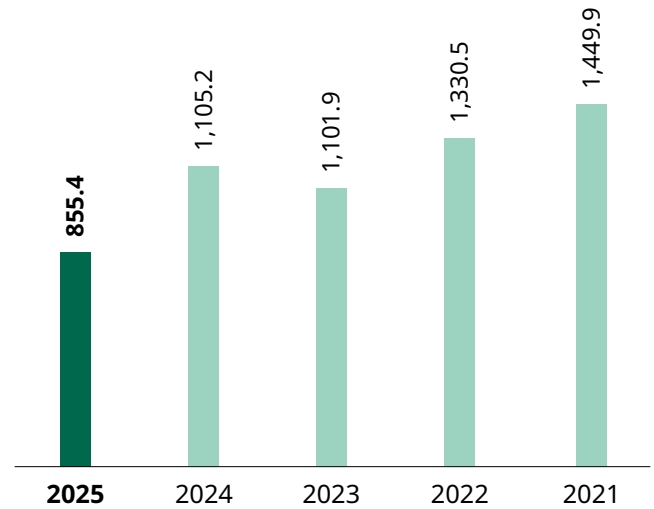


GROUP FINANCIAL HIGHLIGHTS

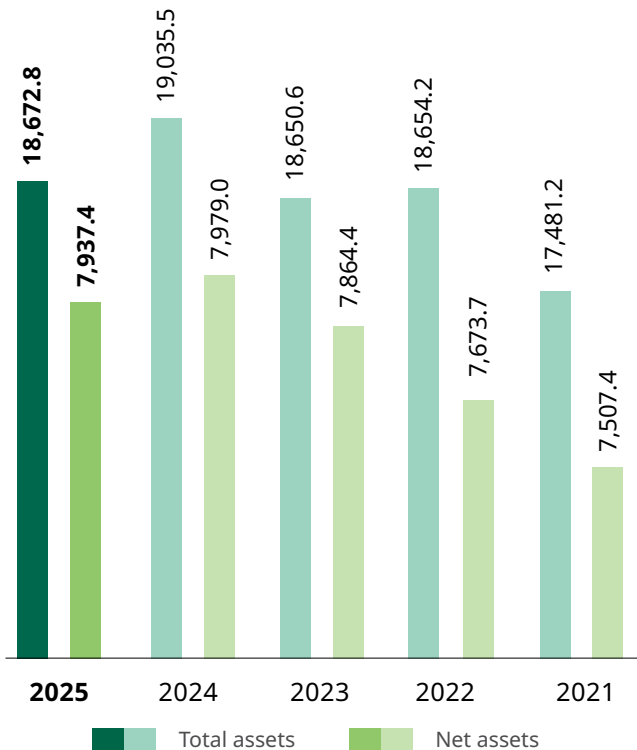
REVENUE (RM'million)



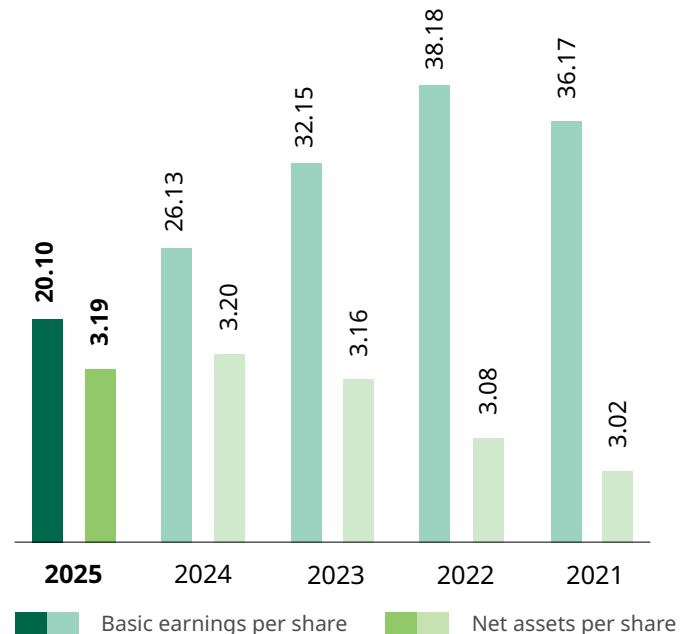
PROFIT BEFORE TAX (RM'million)



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 (“HSCB”) 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 expanded marginally to 5.2% in 2025, as compared to 2024 GDP growth rate of 5.1%. The sustained growth was anchored by resilient domestic demand and a surge in tourism revenue which benefitted from the elevated international profile of Malaysia’s ASEAN chairmanship. In addition, the manufacturing sector capitalized on the global AI-driven technological upcycle.

The construction sector moderated to 12.2% growth (2024: 17.5%), underpinned by continued expansion in non-residential buildings and specialised construction activities. The value of construction work done in 2025 grew by 12.5% (2024: 20.2%), with the civil engineering and non-residential buildings subsectors accounting for more than two-thirds of the value of work done. The service sector expanded by 5.5% (2024: 5.3%), with positive growth across all sub-sectors, particularly wholesale and retail trade, information and communication, as well as transportation and storage. The manufacturing sector grew by 4.5% (2024: 4.2%), supported by sustained expansion in the electrical & electronic (E&E) segments amid global technology upcycle, as well as higher production of consumer related goods.

Private investment increased by 9.4% (2024: 12.3%), supported by machinery and equipment spending on the back of data centre expansion and ongoing infrastructure projects. Public investment rose by 10.3% (2024: 11.1%), reflecting continued capital spending by the government and public corporations. Private consumption grew moderately by 5.2% (2024: 5.1%), underpinned by a resilient labour market and sustained income-related policy support. Public consumption expanded by 6.6% (2024: 4.7%), driven by higher government spending on emoluments, and supplies and services.

Net exports contracted sharply by 19.3% in 2025 (2024: growth of 9.2%), as stronger imports of intermediate and capital goods more than offset export gains from the E&E sector, tourism and ICT-related services.

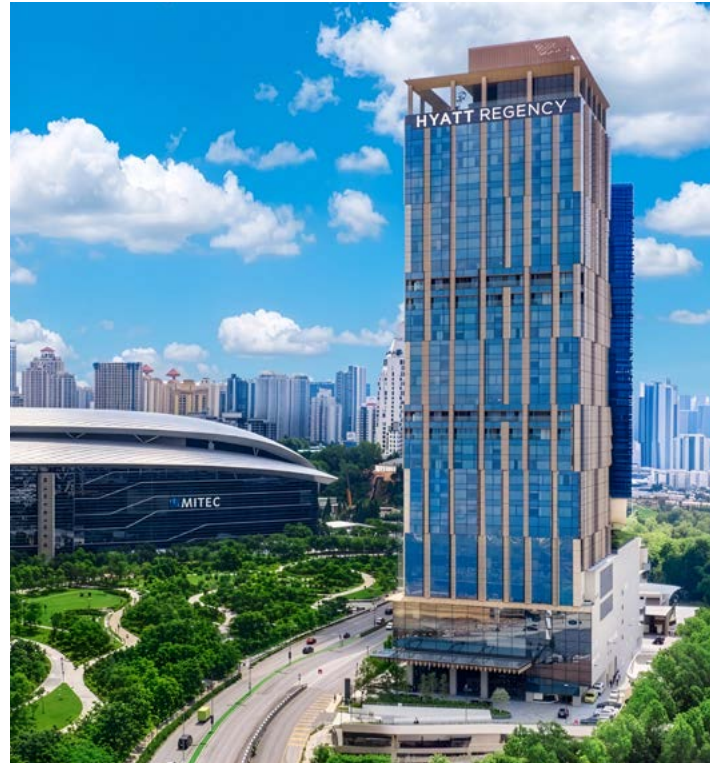
Headline and core inflation averaged at 1.4% and 2%, respectively in 2025 (2024: Both headline and core inflation 1.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

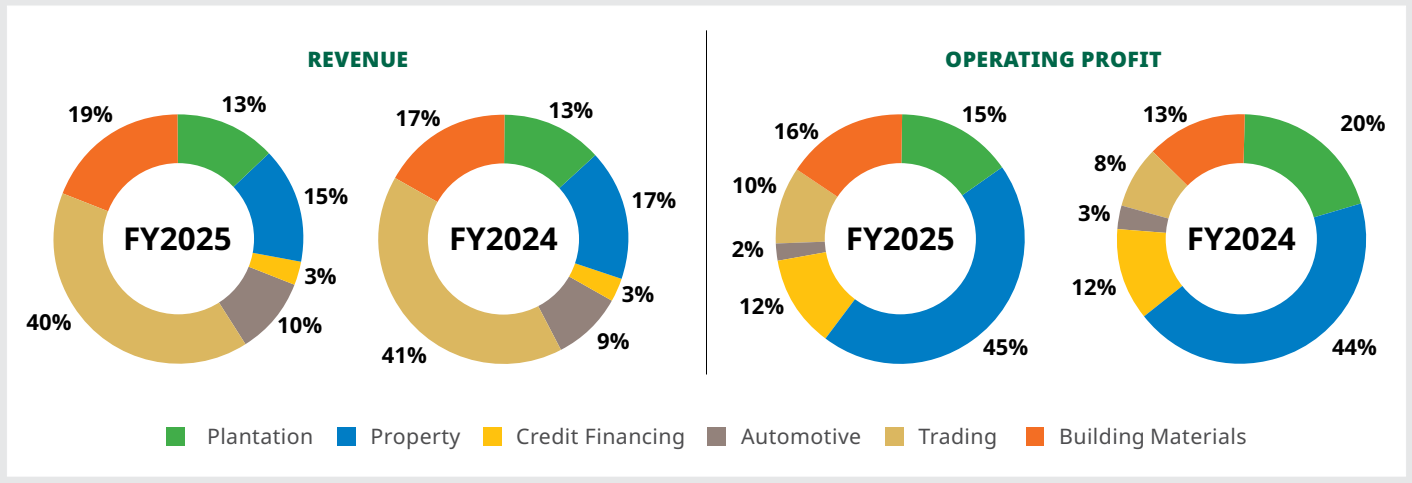
The Group's revenue declined by 9.2% to RM5.11 billion (2024: RM5.63 billion), primarily due to lower property and land sale, and the consolidation of operations in our general trading and quarry operations. The Plantation division was also affected by lower CPO sales volume despite achieving higher Crude Palm Oil (CPO) and Palm Kernel (PK) prices. However, the Property division's hospitality business achieved higher contribution with the launch of its latest hotel, Hyatt Regency Kuala Lumpur at KL Midtown, and the full year operations of Hyatt Centric City Centre Kuala Lumpur. Hafary Holdings Limited also achieved higher revenue, with higher contribution from all its operating segments.

Accordingly, the Group's 2025 profit for the year after non-controlling interests decreased by 23.1% to RM500.3 million (2024: RM650.5 million). Group earnings per share decreased to 20.10 sen (2024: 26.13 sen). A total dividend of 20 sen per share for the year (2024: 20 sen per share) was declared and paid, representing a payout ratio of approximately 100% (2024: 76.5%).



SEGMENTAL PERFORMANCE HIGHLIGHTS

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






PLANTATION



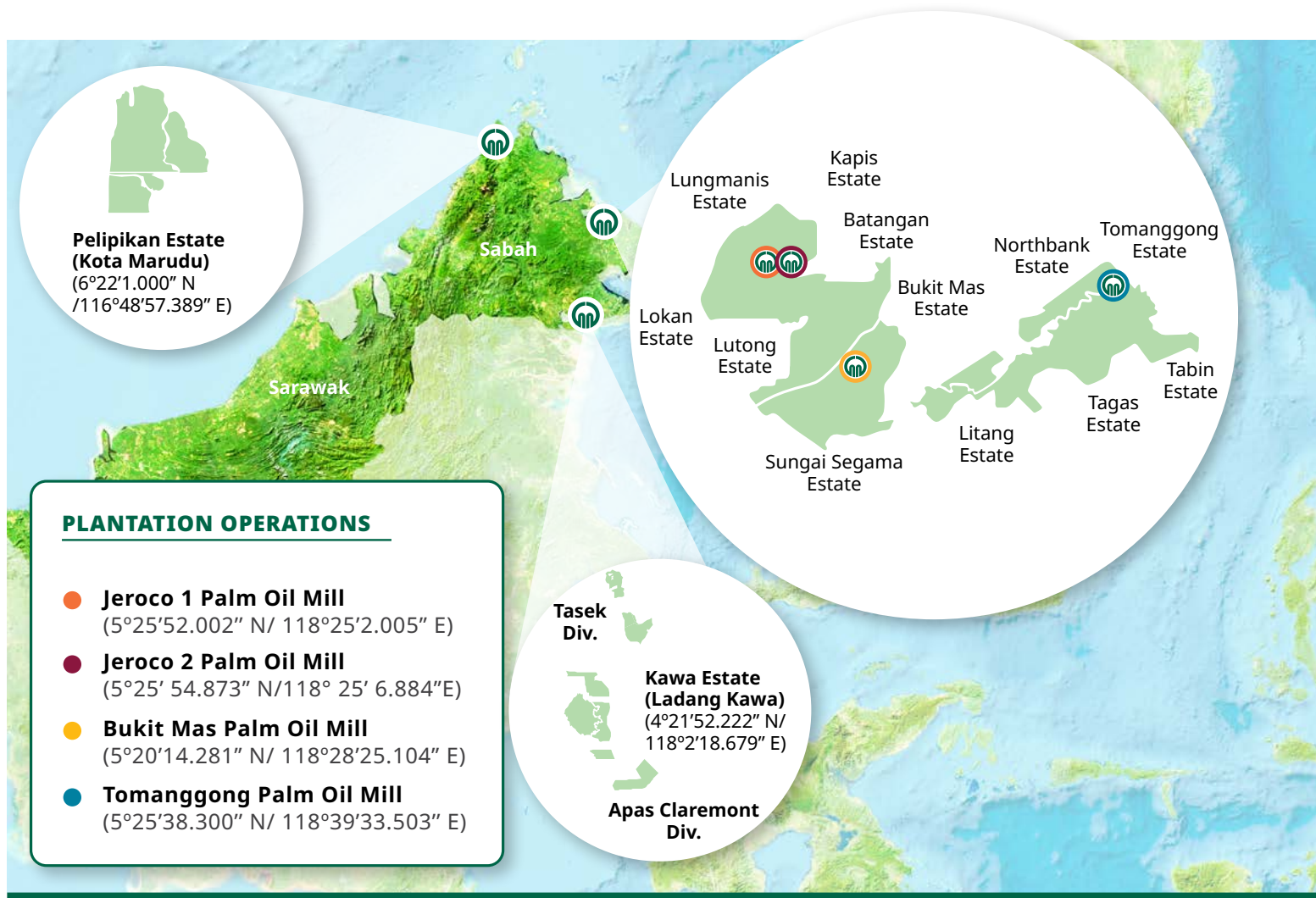
The Plantation division is an oil palm plantation company listed on Bursa Malaysia. The division is one of the largest producers of sustainable palm oil in Sabah, holding a total landbank of 39,655 hectares across five estates. These comprises the Jeroco Group of Estates (JGOE), Tomanggong Group of Estates (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	Operating Profit
RM702.4	RM165.4
million	million





MANAGEMENT DISCUSSION & ANALYSIS



MARKET CONDITION

In 2025, national Crude Palm Oil (CPO) production rose modestly to 20.3 million tonnes, an increase of 4.9% from 2024's 19.3 million tonnes. Total palm oil exports in 2025 were 15.3 million tonnes, down 9.5% from 16.9 million tonnes in 2024, with competition from alternative vegetable oils contributing to the decline. Average CPO price for the year was RM4,293 per tonne (2024: RM4,180 per tonne), with Sabah averaging at RM4,158 per tonne (2024: RM4,234 per tonne).

MANAGEMENT STRATEGIES

VISION

The division's vision is to optimise productivity and to be the most cost-efficient producer in Malaysia.

KEY MARKET

The division sells its palm products through spot sales and forward contracts. All sales were delivered to refiners within Malaysia.



STRATEGIES IN CREATING VALUES

As a member of the Roundtable on Sustainable Palm Oil (RSPO), the division is fully committed to sustainability initiatives which are enshrined in the RSPO Principles and Criteria. RSPO has the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

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

2025 FINANCIAL REVIEW

The division's results for the financial year under review were adversely affected by wet weather, higher labour cost and lower FFB yield. Accordingly, the division revenue for 2025 declined by 6.6% to RM702.4million (2024: RM752.4 million). Consequently, operating profit also declined 38.9% to RM165.4 million (2024: RM270.9 million).

The division's average realised prices were RM4,445 per tonne for CPO (2024: RM4,309 per tonne) and RM3,534 per tonne for palm kernel (PK) (2024: RM2,810 per tonne). These averages were above Sabah benchmarks - CPO was 6.9% higher than the Sabah average of RM4,158 per tonne, and PK was 6.7% above the Sabah average of RM3,313 per tonne.

CPO production cost (excluding amortisation of bearer plants and fair value surplus, and after taking into account PK credits) was RM2,477 per tonne (2024: RM2,305 per tonne).



MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL PERFORMANCE

Planting Operations

As at 31 December 2025, the division's planted area stood at 35,379 hectares (2024: 34,856 hectares) out of a total landbank of 39,655 hectares. Of the total planted area, approximately 92% or 32,597 hectares (2024: 32,276 hectares) were mature areas, with the average age of 17.3 years (2024: 17.1 years)

	Hectares
Immature	2,782
30 months to 7 years	3,826
> 7 years to 17 years	12,603
> 17 years	16,168
Total planted – oil palm	35,379
Immature – other crops	146
Total planted area	35,525
Reserve plantable	113
Building, road, reserves, etc	4,017
Total Area	39,655

During FY2025, the division had 2,782 hectares of immature oil palm, of which 816 hectares are expected to reach maturity in 2026. The Group replanted 1,030 hectares during the 2025 financial year.

Area Statement of the division as of 31 December 2025 was as follows:

	Total Area (hectares)	Planted Area (hectares)	Mature Area (hectares)	Percentage of Mature area
JGOE ⁽ⁱ⁾	14,117	*12,808	12,722	99.3%
TMGOE ⁽ⁱⁱ⁾	12,806	**11,863	11,423	96.3%
SSGOE ⁽ⁱⁱⁱ⁾	9,907	8,743	6,465	73.9%
Ladang Kawa	652	623	499	80.1%
Pelipikan	1,365	903	903	100.0%
Kota Marudu	***808	585	585	100.0%
Total	39,655	35,525	32,597	91.8%

⁽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's milling operations are undertaken by four mills with a combined milling capacity of 180 FFB tonnes per hour. The division'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 63.8% in 2025 (2024: 67.9%).

Sustainability and Food Safety Certification

The division is committed to utilising certified sustainable FFB in its production processes, regardless of whether they are sourced internally or externally, and targets for 100% Roundtable on Sustainable Palm Oil (RSPO) certification by 2028. A revised plan for achieving 100% RSPO-certified sustainable palm oil from 2023 to 2028 was submitted by the RSPO Certification Unit on 28 May 2025 and currently awaiting approval from RSPO.

The division has obtained Malaysian Sustainable Palm Oil (MSPO) certification for all its 14 estates and four palm oil mills since 2018. In addition, the Group holds RSPO and International Sustainability and Carbon Certification EU (ISCC EU) certifications for all its palm oil mills and RSPO certification for 81% of its estates.

The division continues to engage with independent local outgrowers and smallholders to raise sustainability awareness and the benefits associated therewith. In 2025, 11 out of the 13 independent local outgrowers and smallholders (85%) have committed to obtaining the RSPO and MSPO certifications. As at 31 December 2025, seven independent local outgrowers and smallholders have obtained both RSPO and MSPO certifications with another four independent local outgrowers and smallholders achieved MSPO certification.

In March 2025, the division's four palm oil mills attained ISO 45001:2018 certification. This internationally recognized standard is designed to improve employee

MANAGEMENT DISCUSSION & ANALYSIS

safety, mitigate workplace risks, and foster safer working environments. Compliance with ISO 45001:2018 will not only strengthen the division's current safety protocols under Malaysia's Occupational Safety and Health Act (OSHA) 1994 but also ensure alignment with the evolving requirements of the global market.

As part of the division's effort to improve the palm products' marketability, safety, and quality for food application, all the Group's mills continue to maintain its Hazard Analysis Critical Control Points (HACCP), MeSTI (Makanan Selamat Tanggungjawab Industri) and HALAL certifications.

The commissioning of a fibre mat plant in 2025 marks a significant milestone in the division's commitment to sustainable waste management and regulatory compliance.

The fibre mat plant delivers clear environmental gains by transforming Jeroco Palm Oil Mill's empty fruit bunch (EFB) waste, which were previously incinerated, into fibre mats. This shift removes the air-emission impact associated with incinerator operations, keeping the mill fully aligned with the Environment Quality (Clean Air) Regulations 2014.

Application of the fibre mats in the field provides environmental protection by stabilising soil and reducing erosion, preventing landslides in vulnerable areas. When used during replanting, the mats retain moisture around young palms, easing water stress and supporting healthier early growth. The mats also act as a natural barrier that suppresses weed growth, reducing the need for chemical or manual weeding. In addition, as fibre mats are lighter than raw EFB, transportation requires less fuel, lowering both cost and carbon emissions.

SHORT & LONG-TERM GOALS

The division's short-term goal is to achieve higher FFB yield and cost efficiency through best management practices within our plantation operation.

The division is committed to being a responsible and sustainable palm oil producer, in full compliance with internationally recognised agricultural sustainability standards. It aims to expand market access by delivering premium quality palm oil that consistently meets buyer specifications and regulatory requirements. The division's RSPO, HACCP, MSPO, ISCC EU, HALAL and MeSTI certifications are a testament to this commitment.

OUTLOOK FOR 2026

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.

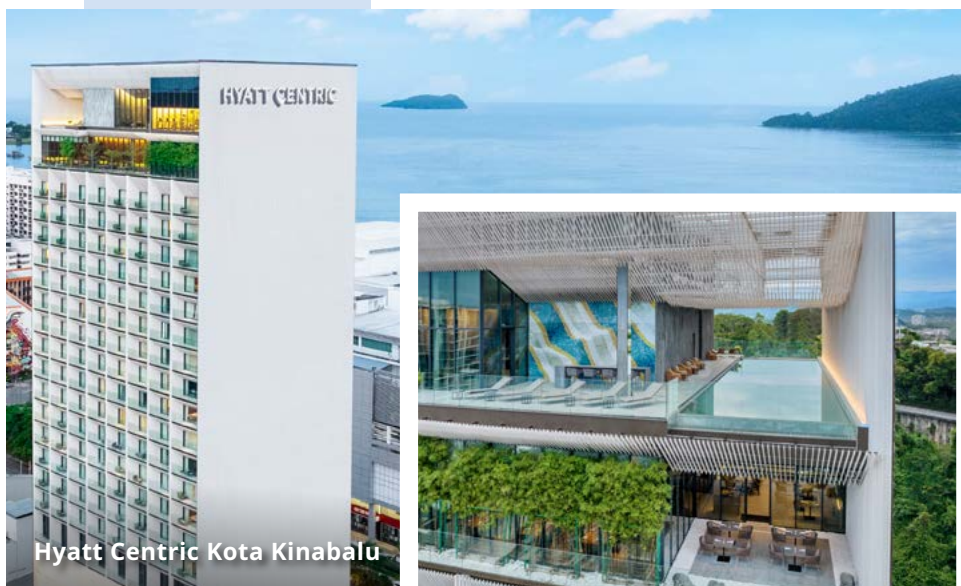
National palm oil production for 2026 is likely to ease to between 19.6 million to 19.8 million tonnes, from a historic high of 20.3 million tonnes in 2025, due to a tree-resting cycle following a period of high yield. In 2026, palm oil exports for 2026 are projected to rise to between 15.8 million and 16.8 million tonnes from 15.3 million tonnes in 2025 on the back of lower export of palm oil from Indonesia due to their biodiesel mandate. Nevertheless, Malaysia producers will likely continue to face competition from competing vegetable oils.

The ongoing geopolitical conflict in the Middle East, which has the potential to disrupt trade flows and drive up global fertilizer and energy prices, introduces additional uncertainties into the palm oil market and may influence the direction of CPO prices.





PROPERTY



Hyatt Centric Kota Kinabalu

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

RM802.8

million



Operating Profit

RM502.5

million



Hyatt Centric
City Centre Kuala Lumpur

Menara Hap Seng 3

Menara Hap Seng &
Menara Hap Seng 2

MANAGEMENT DISCUSSION & ANALYSIS



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

MARKET CONDITIONS

The Malaysian property market in 2025 remained resilient with overall property transaction value having increased by 4.1% to RM241.9 billion (2024: RM232.3 billion), despite a marginal 1% drop in transaction volume. Similarly, the residential property market saw similar trends, with total residential property transaction value having increased by 1.3% to RM108.3 billion (2024: RM106.9 billion) despite a 1.5% decrease in transaction volume.

This resilience was underpinned by government initiatives such as the Housing Credit Guarantee Scheme (SJKP) on housing financing, individual income tax relief on housing loan interest payments of up to RM7,000 for residential homes priced up to RM500,000 and tax relief of up to RM5,000 for residential homes priced from RM500,000 to RM750,000 for first-time buyers, and 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. Additionally, the First Home Mortgage Guarantee Programme continues to offer 100% financing for first-time buyers purchasing properties priced up to RM500,000.

MANAGEMENT DISCUSSION & ANALYSIS

The investment property market in Malaysia remained stable in 2025, reflected in the marginally higher average occupancy rate of purpose-built office buildings in Kuala Lumpur of 72.6% (2024: 72.0%). The city of Kota Kinabalu registered an overall occupancy rate of 87.8% for purpose-built office buildings (2024: 87.9%).

The hospitality sector experienced continued growth, driven by 26.6 million international tourist arrivals in 2025, representing a 6.4% increase from the 25 million arrivals recorded in 2024. Net tourism inflow increased by 31.6% to RM49.2 bil in 2025 (2024: RM37.4 bil).

MANAGEMENT STRATEGIES

The division remains dedicated to delivering functionally designed residential properties in well established neighbourhoods that prioritize comfort and practicality. The division continues to bolster property sales by offering attractive homeownership promotions, including the “zero-cost moving-in” package and the “free furniture fittings” package.

For investment properties, the division is focused on developing and managing integrated and stand-alone commercial properties in strategic locations within the Klang Valley and Kota Kinabalu. In 2025, the division has unveiled its 5-star Hyatt Regency Kuala Lumpur at KL Midtown, the first component to open within the division’s flagship integrated development. The signature office towers are slated to be completed before the year end 2026.



MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL PERFORMANCE

In 2025, the division recorded a revenue of RM802.8 million (2024: RM1.01 billion), primarily attributable to the sale of land. Revenue from property development dropped by 48.6% to RM134.8 million (2024: RM262.1 million) due to the lower property stock in the Klang Valley and lower property sales in Sabah. The main revenue contributors were Bandar Sri Indah, Kingfisher Inanam and Kingfisher Sandakan.

Rental income from the division's investment properties decreased to RM109.8 million (2024: RM112.0 million) due to marginally lower occupancy rate, supported by stable rental rate. Revenue from hospitality grew by 141.9% to RM114.9 million (2024: RM47.5 million), supported by better performance from Hyatt Centric Kota Kinabalu, the full year operations of Hyatt Centric City Centre Kuala Lumpur which opened in December 2024, and the launch of Hyatt Regency Kuala Lumpur at KL Midtown in August 2025.

Overall, the division recorded an operating profit of RM502.5 million (2024: RM590.5 million).

PROPERTY DEVELOPMENT

Klang Valley



*KL Midtown Mixed Development at KL Metropolis
Artist Impression*

KL Midtown

KL Midtown is strategically located within the 75-acre KL Metropolis, which is Kuala Lumpur's international trade and exhibition district. KL Metropolis is a mixed-use development with an extensive road network and the proposed MRT3 connection.

Positioned directly opposite the Malaysia International Trade and Exhibition Centre (MITEC), the nation's largest convention centre, KL Midtown spans 8.95 acres of freehold land. The development integrates the 5-star Hyatt Regency Kuala Lumpur at KL Midtown hotel, a retail mall, and two signature office towers

scheduled for completion in 2026, with future phases comprising a corporate office tower and three luxury serviced residence towers.

The retail mall, with an approximate gross floor area of 535,000 square feet, has been master leased to AEON and is designed to offer an upscale, vibrant lifestyle retail experience. Situated above the five-storey commercial basement car park, the seven-storey mall is targeted to commence operations by end-2026 with LEED Gold and GreenRE Gold certification. It will be seamlessly connected to the Hyatt Regency Kuala Lumpur at KL Midtown, the two signature office towers, the corporate tower, and the residential towers. The Hyatt Regency Kuala Lumpur at KL Midtown with a GreenRE Gold certification, commenced operations in August 2025.

The two signature office towers at KL Midtown offer uninterrupted views of KL Metropolis Park and MITEC. Each 19-storey tower spans approximately 300,000 square feet of premium Grade A office space, thoughtfully designed with spacious, flexible layouts to meet modern business requirements. Key features include ten high speed lifts per tower, dual lobbies at ground level and Level 5, double height ceilings in the main lobby, and energy efficient fittings. Designed by the internationally renowned architectural firm Skidmore, Owings & Merrill (SOM), the towers are expected to achieve both LEED Gold and GreenRE Gold certifications.

MANAGEMENT DISCUSSION & ANALYSIS

Aman @ Sierramas

Nestled within the mature Sierramas township, Aman @ Sierramas occupies 9 acres of freehold land. This upcoming development will feature three condominium towers with a total of 540 units, complemented by an expansive two-acre facilities deck. Residents will enjoy stunning vistas of the Bukit Lagong Forest Reserve and the Kuala Lumpur City Centre, as well as the natural greenery adjoining the Valencia Golf Course.



Artist Impression

Tawau



Bandar Sri Indah

Bandar Sri Indah (BSI) stands as the division's flagship development in Tawau and is among the largest fully integrated township projects in Sabah. Launched in 2004, BSI encompasses over 1,368 acres and offers a comprehensive range of residential products, spanning from affordable apartments to single-storey, double-storey, semi-detached, and detached houses. Over the years, BSI has developed well-connected road network with easy access to major highways linking to Balung, Kunak, Semporna and Lahad Datu, making it a preferred location for residents. To date, a total of 4,703 residential, commercial, and industrial properties have been completed, with an estimated gross development value (GDV) of RM1.6 billion.

The township has matured over the years from a humble residential enclave into a self-sustained hub, offering a comprehensive range of amenities including an Affin Bank branch, the Aqua Rush BSI Water Park, Mr D.I.Y home improvement stall, a supermarket, a community sports complex, a cinema and various fast-food outlets.

BSI serves as an educational hub, hosting institutions such as Open University Malaysia, Tawau Vision School, Vision International School and a Community College.

The township also features an intercity bus terminal and houses Tawau's largest Petron petrol station to meet the transportation needs of the residents. To cater to the convenience of the BSI residents, BSI offers free shuttle bus services for residents to commute within BSI.

BSI has been carefully planned with an emphasis on nature-inspired living and overall well-being, incorporating generous green spaces and recreational areas throughout the township, including sports facilities and walking or cycling paths. A key highlight is a 15.5-acre lake garden, complemented by an orchid garden showcasing more than 2,000 locally cultivated orchid species from across East and West Malaysia. The township further benefits from its close proximity to three forest reserves and the adjacent Shan Shui Golf and Country Club, providing residents with convenient access to natural surroundings and leisure amenities.

MANAGEMENT DISCUSSION & ANALYSIS

Lahad Datu

Residensi EkoPerdana

The division's new flagship mixed-development, Residensi EkoPerdana, is an extension to the established Bandar Sri Perdana township. It spans across 127 acres and offers modern living and community convenience. Phase 1A-1 of Residensi EkoPerdana, scheduled for launch in early 2026, will comprise 92 exquisitely designed double-storey terrace homes, redefining contemporary township living.

The residents of Residensi EkoPerdana will have access to the facilities offered by Bandar Sri Perdana including a hypermarket, bank, hotel, Open University Malaysia, retail shops, government offices, primary and secondary schools and popular fast-food outlets.



Residensi EkoPerdana | Artist Impression

Sandakan

Astana Heights

Kingfisher Sandakan is a hilltop mixed-development project offering panoramic views of the Sulu Sea. The development comprises four 18-storey apartment blocks with a total of 792 units. The project features a three-tier security system and a seismic interlocking design, which are the first of their kind in Sandakan.



Astana Heights Apartment

PROPERTY INVESTMENT

In 2025, the division's investment properties maintained steady occupancy rates. Properties such as Plaza Hap Seng, Plaza Shell and Menara Citibank recorded a consistent average occupancy rate of 85% (2024: 85%) reflecting stable demand and continued tenant confidence.

Plaza Hap Seng comprises four seamlessly integrated properties, namely Menara Hap Seng, Menara Hap Seng 2, Menara Hap Seng 3 and Hyatt Centric City Centre Kuala Lumpur. Plaza Hap Seng offers a comprehensive suite of amenities, complemented by an extensive selection of food and beverage options designed to serve its 5,500 office occupants and the surrounding business community. The development hosts several renowned Michelin Guide recommended restaurants, including Elegant Inn, Skillet and Sushi Masa, alongside a curated mix of outlets such as Asador V, Han Modern Korean Grill, Niku 29, and Yoshifuku, providing a diverse range of local and international cuisines. In addition, both Menara Hap Seng 2 and Menara Hap Seng 3 have been granted Malaysia Digital Status (previously known as MSC) and are green building-compliant.

Menara Hap Seng 3 was recognized by the Malaysia Book of Records in 2022 for the Highest Indoor Vertical Green Wall. Spanning 90 meters within the building's internal atrium, the green wall allows natural daylight to illuminate the internal space while serving as a distinctive and inspiring feature.

Moving forward, the division will continue to prioritize the integration of sustainable features within its investment properties to enhance tenant appeal.



MANAGEMENT DISCUSSION & ANALYSIS



HOSPITALITY

In 2025, the hospitality segment recorded strong occupancy levels and improved average room rates, supported by higher international visitor arrivals following the visa-free entry for nationals of China and India, as well as improved flight connectivity. This performance reflects the segment's positive growth trajectory.

The hospitality segment also witnessed the opening of the Hyatt Regency Kuala Lumpur at KL Midtown in August 2025, another hotel designed by Kengo Kuma & Associates from Japan.

Hyatt Centric Kota Kinabalu

Hyatt Centric Kota Kinabalu is a 5-star GreenRE Silver certified lifestyle hotel located in the heart of Kota Kinabalu. Designed by the globally acclaimed, award-winning Japanese architect firm Kengo Kuma & Associates, the hotel's 222 guestrooms and suites are inspired by Sabah's natural landscape 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 offering unparalleled panoramic views of the surrounding islands and sunset skyline.



MANAGEMENT DISCUSSION & ANALYSIS



Hyatt Centric City Centre Kuala Lumpur

Hyatt Centric City Centre Kuala Lumpur is located in the vibrant Golden Triangle at the heart of Kuala Lumpur city centre, a stone throw away from iconic landmarks such as the Petronas Twin Towers and Menara Kuala Lumpur, as well as shopping hotspots in the likes of Suria KLCC and Pavillion Kuala Lumpur.

Hyatt Centric City Centre Kuala Lumpur features Kuala Lumpur’s rich history with nods to the city’s tin mining heritage woven into the hotel spaces and 312 guestrooms and suites. Design elements from old tin mine dredge, spiral staircases of Kuala Lumpur’s historic shophouses and the lush forest trails of Bukit Nanas, combined with contemporary street art that celebrating KL’s creative

pulse, are incorporated into the hotel’s spaces. The hotel also houses a selection of dining options, namely TanBuri, IL Forno and @21 Rooftop Bar.

TanBuri is a vibrant dining concept featuring tandoor-oven cooking with international flavours. Utilising bold spices and live-fire techniques, TanBuri offers guests a distinctive and flavourful experience in a relaxed setting.

IL Forno, meaning “the oven” in Italian, is the all-day dining located on level 19 serving authentic Italian cuisines with a focus on simplicity and freshness. As a recipient of the Ospitalità Italiana certification 2025-26 by the Italian Chamber of Commerce in Malaysia, IL Forno’s offerings meets the highest standards of Italian authenticity, quality, and hospitality.

@21 Rooftop Bar is one of Kuala Lumpur’s distinctive rooftop destinations, blending a stylish social atmosphere with a spirit of energy, creativity, and live entertainment. Designed as a hybrid lifestyle and event venue, the space features collaborations with events promoters, live performances, and dynamic entertainment, while offering stunning views of the Petronas Twin Towers.

Hyatt Regency Kuala Lumpur at KL Midtown

Hyatt Regency Kuala Lumpur at KL Midtown officially opened its doors in August 2025. This international 5-star, 33-storey hotel is also designed by Kengo Kuma & Associates and set atop a six-storey podium, comprises 306 elegantly appointed guestrooms rooms and suites, along with 104 serviced suites. The hotel features 13 versatile conference rooms and a curated selection of dining options, including a Midtown Brasserie, China House, ENSŌ Izakaya & Bar and the Midtown Lounge.

China House offers a refined Chinese culinary experience, highlighted by its signature rambutan wood-fired Peking duck, prepared using traditional wood-fire techniques in a warm and modern setting. ENSŌ Izakaya & Bar is an izakaya-style Japanese restaurant featuring a cocktail bar, an open kitchen, a garden terrace and outdoor seating overlooking the Kuala Lumpur skyline.

The GreenRE-certified hotel also boasts a 1,000-square-metre grand ballroom with a capacity of up to 1,000 guests, making it a premier destination for business, leisure, and events. Its strategic proximity to MITEC positions it to serve conference and exhibition attendees, as well as corporate travellers.



SHORT AND LONG-TERM GOALS

The division's short-term goal for its property development segment is to launch selective landed property projects as well as to sell its completed units in Sabah.

As for the investment property segment, the long-term goal is to grow a stable and attractive portfolio of investment properties in the strategic locations in the Klang Valley in order to generate a long-term recurring rental income.

OUTLOOK FOR 2026

The National Property Information Centre (NAPIC) expects the property market in 2026 to remain resilient, supported by various initiatives announced by the government in its Budget 2026. These initiatives include the extension of full stamp duty exemption on the instrument of transfer and loan agreement for first-time homebuyers of residential properties priced up to RM500,000 by Malaysian citizens until December 31, 2027, increase Government Guarantees of up to RM20 billion under SJKP and allocation of RM672 million for the construction of Rakyat Housing.

Residential sector

The division remains cautiously optimistic in 2026 about the demand for residential properties in prime and strategic locations, as homebuyers demand is shifting toward more high value and affordable units. This outlook is underpinned by a stable interest rate environment, complimented by attractive promotional packages, collaborative efforts with various agencies and financial institutions, and supportive government initiatives.

Commercial office sector

The commercial office sector is anticipated to continue facing headwinds, particularly with the influx of new office spaces in Kuala Lumpur. Nevertheless, a stable tenant portfolio, reinforced by proactive leasing strategies and effective building management practices, is expected to assist in tenant retention while simultaneously attracting new tenants.

Hospitality sector

The outlook for the hospitality sector remains positive, supported by the Visit Malaysia 2026 campaign. Under Visit Malaysia 2026, Malaysia will roll out year-long activities comprising more than 300 events to showcase the country's multicultural identity and festive traditions. The government has allocated RM500 million for Visit Malaysia 2026 under Budget 2026. Additionally, the sector is expected to continue to benefit from improved flight connectivity and the 30-day visa-free entry for nationals of China and India. The division remains confident in the continued performance of Hyatt Centric Kota Kinabalu, Hyatt Centric City Centre Kuala Lumpur and Hyatt Regency Kuala Lumpur at KL Midtown.

However, ongoing geopolitical unrest in the Middle East may give rise to uncertainties that could affect the above sectors. The division will actively monitor developments and remains prepared to adapt its strategy in response to changes in market conditions.



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	Operating Profit
RM156.2	RM139.5
million	million

HAP SENG CREDIT

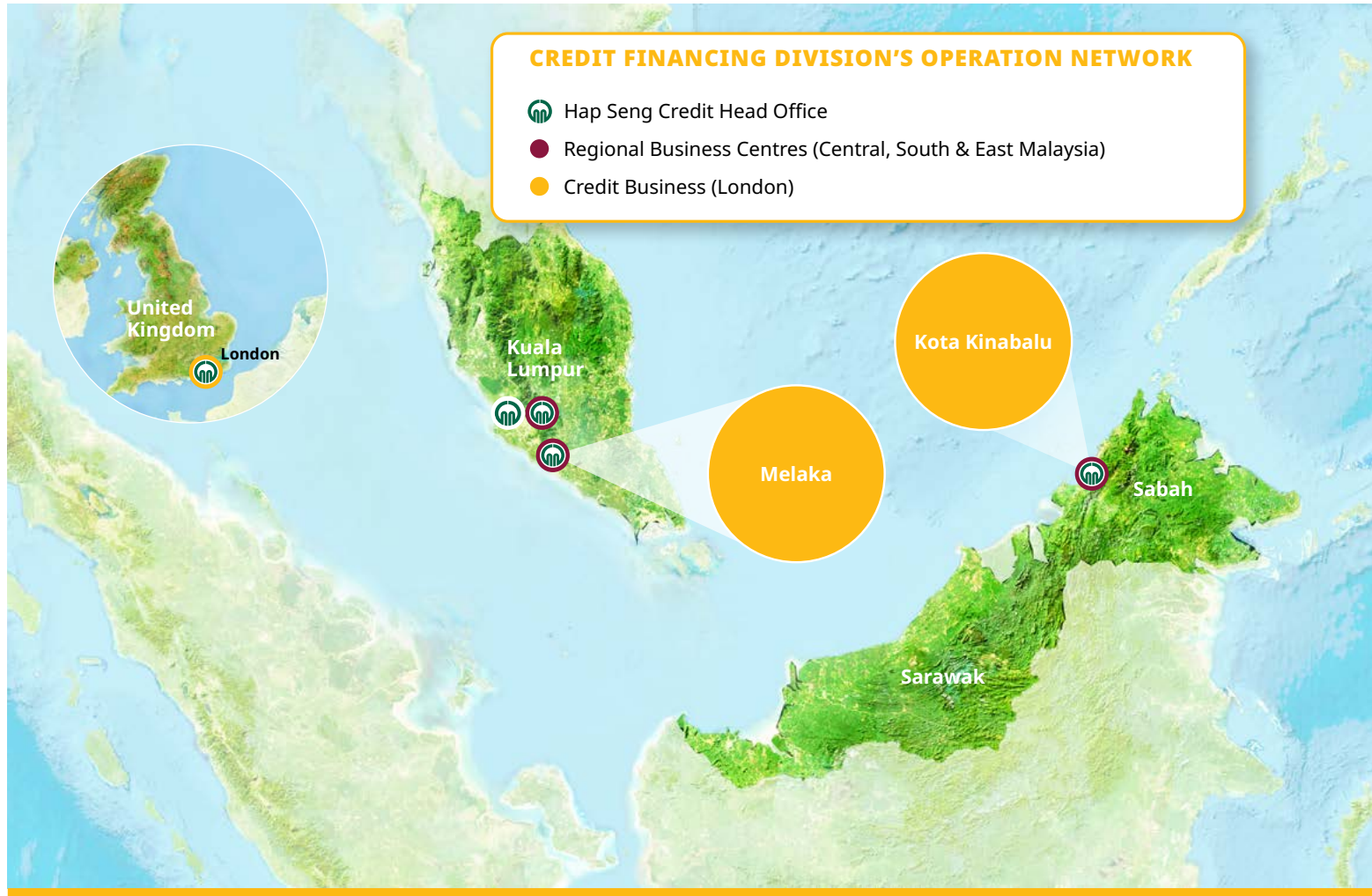
Loan Base



A man in a light blue shirt and glasses is standing and pointing towards the chart. He is wearing a green lanyard with an ID card.

Several people are seated at a conference table, facing the presenter. They appear to be listening attentively. The room has a modern office setting with laptops on the table and a glass wall in the background.

MANAGEMENT DISCUSSION & ANALYSIS



MARKET CONDITIONS

The Malaysian economy grew by 5.2% in 2025, a slight uptick against 2024's growth of 5.1%. The 2025 loan growth in the banking industry recorded a smaller growth of 4.8% compared to 5.5% in 2024.

MANAGEMENT STRATEGIES

The division continues to uphold the principle of prudent lending by procuring acceptable quality businesses with reasonable return, concentrating on loyal customers with proven track record and targeting borrowers from growth sectors. The division continues to offer tailored solutions to cater to customers' needs.

OPERATIONAL PERFORMANCE

In 2025, the division continued its emphasis on achieving acceptable net interest margins by focusing on maintaining reasonable interest costs.

MANAGEMENT DISCUSSION & ANALYSIS

Focused efforts in credit collections, loan recovery and rehabilitation contributed to a continued reduction in non-performing loans (NPL) during the financial year. Despite the reduction in the quantum of NPL, the lower loan base led to a marginal increase in the Gross NPL ratio at 2.84% in 2025 (2024: 2.68%).

In line with the lower loan portfolio balance, the division recorded a decrease in operating profit to RM139.5 million in 2025 (2024: RM156.5 million). The return on average asset for the year is 7.19% (2024: 7.03%), which compared favourably with the industry average of 1.5% (2024: 1.3%).

SHORT AND LONG-TERM GOALS

In the short term, the Credit Financing division will maintain its strategy of prudent lending, considering the ongoing geopolitical uncertainties, with focus on loan collection and non-performing loan recovery and account rehabilitation to enhance asset quality.

Over the long term, the division will continue striving to enhance the net interest margin while maintaining its robust and sustainable loan portfolio.

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

OUTLOOK FOR 2026

Malaysia's economic growth in 2026 is forecast at 4.0% to 4.5%. 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 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) 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 three Mercedes-Benz Certified Pre-Owned Centres in Klang Valley, situated in Balakong, Bukit Tinggi and Setia Alam. Hap Seng Body & Paint operates a centralised multi-brand Body & Paint Competence Centre (BPC) in Shah Alam.

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 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
RM560.6
million

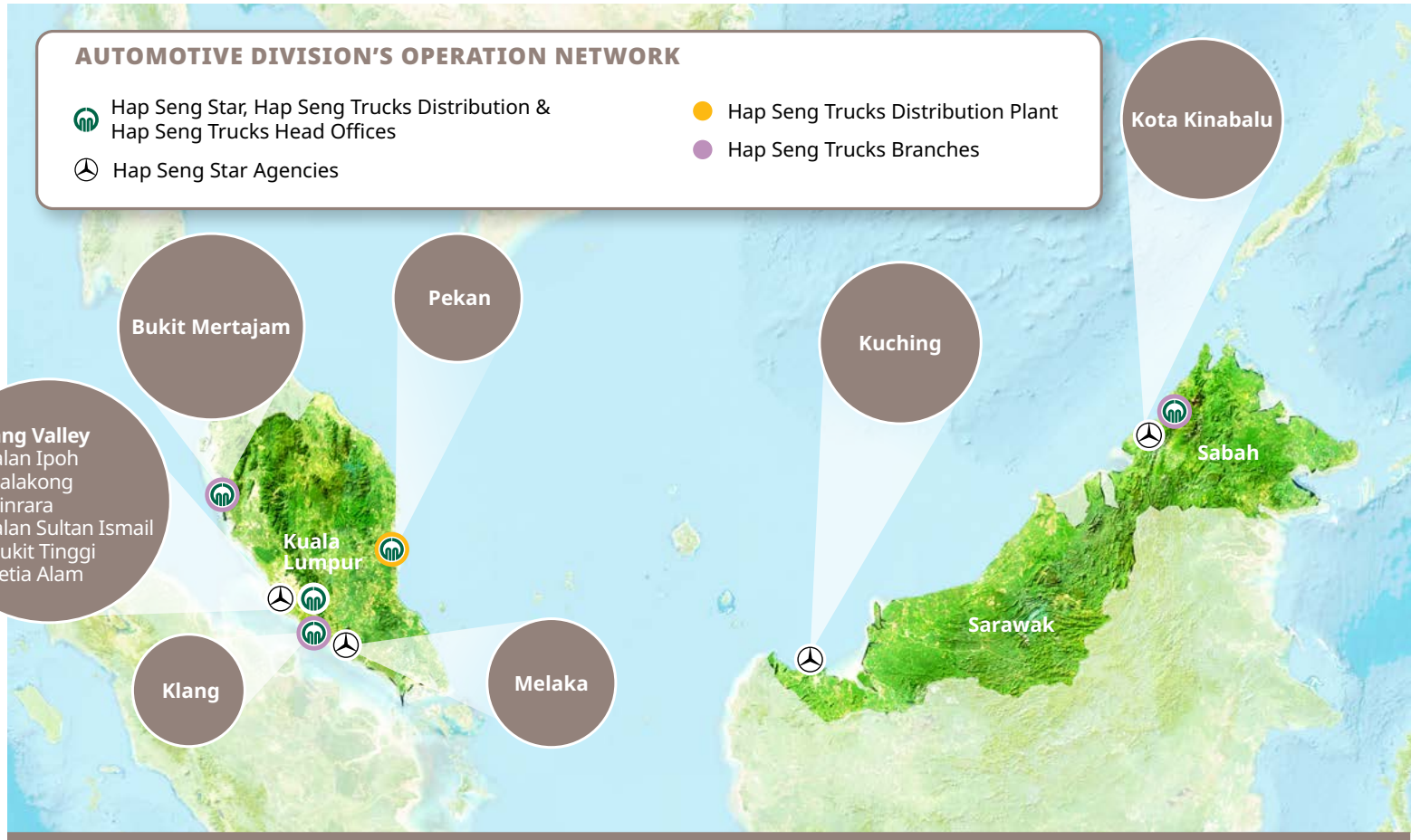


Operating Profit
RM17.2
million



Maybach EQS 680

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET CONDITION

In 2025, the Malaysian automotive industry total industry volume (TIV) grew by 0.5% to achieve a back-to-back record high of 820,752 units (2024: 816,747 units), driven by higher passenger vehicle TIV.

Total registration of new passenger vehicles in 2025 increased by 1.6% to 759,098 units (2024: 747,180). The Malaysian Automotive Association (MAA) attributed the growth in the passenger vehicle TIV mainly to the registration of new fully imported electric vehicle (EV) before the expiry of CBU tax incentive by end 2025 alongside a cut in overnight policy rate to 2.75% and low unemployment rate of 2.9%.

The TIV for commercial vehicle segment declined by 11.4% in 2025 to 61,654 units (2024: 69,567 units). TIV of the European prime mover truck segment reduced by 38.3% to 465 units (2024: 754 units), whereas TIV of the Japanese light-duty truck and medium-duty truck segment reduced by 21.6% to 10,279 unit in 2025 (2024: 13,119 units).

The TIV decrease in the commercial vehicle segment were mainly attributed to the introduction of targeted diesel subsidy and transition from Euro 2 to Euro 4 emission standards, which resulted in earlier replacement activities or forward buying decisions by the customers due to the concern on higher operating costs. In addition, the macro-economic headwinds, uncertainties on the global trade policies and intense competition have resulted in weaker demand for commercial vehicles in 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT STRATEGIES

With the implementation of “Retail of The Future” agency model by Mercedes-Benz Malaysia, Hap Seng Star continues to maintain its pivotal role in offering customers an exclusive car buying experience in the retail network, which plays a crucial part in ensuring a seamless omni-channel experience in line with changing consumer behaviour. In addition, Hap Seng Star continued to strengthen its pre-owned Mercedes-Benz passenger car business and expand its aftersales services to drive revenue growth and customer retention.

Hap Seng Body & Paint will continue to grow its aftersales capabilities across multiple marques, reinforcing the division’s growth while enhancing our ability to provide high-quality, multi-brand service solutions for a broader customer base.

Hap Seng Trucks Distribution continues to build its presence in the Malaysian commercial vehicle market, with a strong focus on delivering a reliable service experience and reinforcing its presence as a trusted partner. In 2025, the company expanded its network to further improve accessibility and service excellence in key regions, which include the appointment of Mercedes-Benz and FUSO 3S outlets in Penang and the Klang Valley, complemented by a 2S outlet in Pahang. The expanded network serves to enhance service and support accessibility, ensuring customers can access the right solutions wherever they are with minimal downtime.

Scaled up digital initiatives have further improved how customers interact with the division, making it easier to connect, engage, and gain confidence in the extensive range of products and services offered. By elevating service standards and enhancing customer engagement, the company continues to strengthen customer confidence, loyalty, and trust nationwide.

The division will also place concerted efforts on optimising asset utilisation and enhancing operational efficiencies to improve overall profitability.



OPERATIONAL PERFORMANCE

The passenger car business recorded a turnover growth of 2.1% to RM378.8 million in 2025 (2024: RM371.0 million), driven by increased sales of pre-owned vehicles and growth in the body and paint segment, albeit lower new car sales. The intense competition in the premium luxury car segment amid the rapidly evolving automotive landscape has resulted in margin compression, which together with higher operating cost due to lower new car sales, led to lower operating profit of RM13.4 million (2024: RM25.8 million).

The commercial vehicle business declined by 6.4%, posting a total revenue of RM188.4 million (2024: RM201.3 million). Consequently, operating profit decreased to RM3.8 million (2024: RM10.0 million). The reduction in both revenue and profit was attributed to the challenging industry landscape, underpinned by the significant TIV drop for the commercial vehicle segment.



MANAGEMENT DISCUSSION AND ANALYSIS

AWARDS AND RECOGNITION

Passenger Car Business

Hap Seng Star is committed to providing customers with an outstanding sales and service experience, a dedication that has continuously earned recognition from Mercedes-Benz Malaysia (MBM).

In 2025 Retail Partner of the Year Award Ceremony, Hap Seng Star continues to be recognised by MBM by clinching the following awards:

Retail Partner Award 2025



Award	Branch
Retail Partner of the year - 2 nd Runner-up	Bukit Tinggi
Best in CSI 5 Star Rater - Champion	Melaka
Best in CSI 5 Star Rater - 1 st Runner-up	Setia Alam
Best in CSI 5 Star Rater - 2 nd Runner-up	Bukit Tinggi
Best in Business Excellence - 2 nd Runner-up	Balakong

These recognitions further assures all customers that Hap Seng Star delivers a consistently high standard of service, care and overall ownership experience across all its branches



Mercedes-Benz C 200



Mercedes-Benz Vito Tourer

MANAGEMENT DISCUSSION AND ANALYSIS

Commercial Vehicle Business

In 2025, Hap Seng Trucks Distribution was recognised at the Daimler Truck RC SEA Awards 2025 for its outstanding performance, receiving the Best Year-on-Year Growth Market CSP Award and the Highest Truck Sales Volume Award for 2024. These achievements reflect the Company's strong market execution, customer-centric approach, and sustained demand for its commercial vehicle portfolio.

In addition, Hap Seng Trucks Distribution received the Mercedes-Benz eVan Breakthrough Award, recognising its successful efforts in accelerating electric van adoption in the Malaysian market.



SHORT AND LONG-TERM GOALS

Hap Seng Star brand is synonymous with Mercedes-Benz brand, one of the world's most prestigious brands. We uphold the prestige of Mercedes-Benz by delivering an uncompromising retail experience, operational excellence through state-of-the-art Autohaus, and a personalized customer journey that extends beyond the initial sale, with luxury, innovation, reliability, long-term trust, and exclusivity. Hap Seng Star will focus on maintaining its leadership position as a top Mercedes-Benz sales agent and aftersales service provider in Malaysia.

Hap Seng Trucks Distribution remains dedicated to its short-term goal of expanding Mercedes-Benz and FUSO commercial vehicle sales through continuous enhancements to its dealer network. By strengthening its market reach and service capabilities, Hap Seng Trucks Distribution ensures sustainable growth, improved customer accessibility and reduced downtime. In the long term, Hap Seng Trucks Distribution aims to establish the industry benchmark for customer service and trust, positioning itself as the "Preferred Commercial Vehicle Solutions Provider." This vision is underpinned

by a steadfast commitment to excellence and customer focused solutions, reinforcing the division's strong standing within the commercial vehicle sector.



OUTLOOK 2026

For 2026, MAA is expecting TIV to decline by 3.7% to 790,000 units, following two consecutive record breaking TIV years. The expected decline in TIV is partly attributed to the uncertainties brought by the on-going geopolitical tension and the expiry of tax incentives for fully imported EVs.

However, Bank Negara Malaysia has maintained the benchmark overnight policy rate at 2.75% in its recent meeting in March 2026, which bodes well for the automotive industry as it ensures stable borrowing costs.

The proposed merger between Mitsubishi Fuso Truck and Bus Corporation and Hino Motors, supported by Daimler Truck and Toyota Motor Corporation, is expected to strengthen product development capabilities, operational scale and supply chain efficiencies across the commercial vehicle business. As the General Distributor of FUSO trucks in Malaysia, Hap Seng Truck Distribution is well positioned to benefit from a broader product portfolio, enhanced technology development and improved parts availability, enabling the division to better support the evolving needs of Malaysia's transport and logistics sector.



TRADING



The Trading division comprises fertilizer trading and general trading operations.



Revenue
RM2.16
billion



Operating Profit
RM111.7
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 operates through Hap Seng Fertilizers Sdn Bhd (HSF), PT Sasco Indonesia (PTSI) and Sasco (Shanghai) Co., Ltd (SSC) (formerly known as Sasco (China) Co., Ltd). These trading entities operate from 13 warehouses - seven in Malaysia and six in Indonesia. SSC is based in Shanghai, China and trades in fertilizers globally.

General Trading

The general trading operations supplies primarily aggregates and petroleum products. General trading operates under Hap Seng Trading (M) Sdn Bhd (HSTM) and services the construction and infrastructure development industries from two branches in Sabah, namely Kota Kinabalu and Tawau.



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET CONDITIONS

Fertilizers Trading

Global fertilizer markets in 2025 were shaped by trade policies and sanctions, with China limiting nitrogen and phosphate exports to secure domestic supply and price stability, and Belarus remaining under European Union (EU) trade sanctions. The EU also imposed tariffs on agricultural imports, including nitrogen fertilizers from Russia and Belarus, redirecting fertilizer flows toward Asia and the Americas.

Prices declined in the first half of the year but rebounded later due to stronger demand and rising input costs. After two years of reduced consumption following the 2022 price peaks, global fertilizer use recovered, with nitrogen application increasing across major crops and potash demand rising in Brazil, China, Indonesia, and Malaysia.

Production costs also climbed, driven by higher natural gas prices—the key input for nitrogen fertilizers—which spiked early in 2025 before easing significantly by the 3rd quarter.

General Trading

Malaysia recorded a GDP growth of 5.2% in 2025 (2024: 5.1%) with the construction sector experiencing a growth of 10.1% in 2025 (2024: 17.5%), driven by the building sector.



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT STRATEGIES

Fertilizers Trading

Fertilizer trading operates within a price volatile environment, influenced by international demand and fluctuations in CPO prices. To safeguard its market leading position, the division remains focused on managing exposure to volatility by closely aligning supply with demand, ensuring resilience and stability in its operations.



General Trading

The general trading operations will continue to prioritize streamlining its various business segments to enhance efficiency and optimise operating costs.

OPERATIONAL PERFORMANCE

Fertilizers Trading

The lower global fertilizer prices in 2025 resulted in a reduction in revenue and operating profit for the fertilizers trading operations. Revenue declined by 1.0% to RM1.89 billion (2024: RM1.91 billion) while operating profit declined by 14.9% to RM79.9 million (2024: RM93.9 million). However, sales volume increased by 1.5% to 1,611,000 tonnes (2024: 1,587,000 tonnes), supported by increased sales in Indonesia on the back of higher demand.

Operations in Malaysia

HSF continues to reinforce its position as Malaysia's leading fertilizer trader, maintaining market leadership in East Malaysia while remaining a significant player

in Peninsular Malaysia. Revenue decreased by 2.7% to RM1.46 billion (2024: RM1.50 billion) due primarily to lower fertilizer prices. Sales volume reduced marginally to 1,210,000 tonnes (2024: 1,211,000 tonnes). Consequently, operating profit decreased by 31.4% to RM51.3 million (2024: RM74.8 million).

Operations in Indonesia

On the back of higher sales volume in 2025, PTSI's revenue increased by 5.3% to RM429.0 million (2024: RM407.6 million). Sales volume increased by 6.6% to 401,000 tonnes (2024: 376,000 tonnes) due to higher demand. As a result, operating profit increased by 49.7% to RM28.6 million (2024: RM19.1 million) attributed to higher revenue and gross margin.



General Trading

The general trading operations recorded a 50.8% decrease in revenue to RM271.9 million (2024: RM552.8 million), mainly due to product and branch network streamlining to improve operating cost efficiencies. However, operating profit increased to RM31.8 million (2024: RM10.1 million) mainly attributed to sale of property, plant and equipment.



MANAGEMENT DISCUSSION AND ANALYSIS

SHORT & LONG-TERM GOALS

Fertilizers Trading

Cost containment and resource optimisation continues to be a priority for the fertilizers trading operation in this dynamic operating environment. Vigilant management of inventory and trade receivables remains a key focus to ensure operational efficiency and effectiveness. The fertilizers trading operations is committed to safeguarding its leadership position in Malaysia while actively pursuing long-term growth opportunities in Indonesia by fostering strategic partnerships through continuous collaboration with key customers and principal suppliers.

In the long-term, the fertilizers trading operation anticipates rising demand for NPK fertilizer and plans to strengthen market presence by expanding NPK production or collaborating with NPK producers. This approach aims to add value to the product range while positioning the division to capture growth opportunities in line with evolving market needs.

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. For the longer term, the general trading operations aim to expand its market coverage by targeting new projects and distribution channels.



OUTLOOK FOR 2026

Fertilizers Trading

The 2026 fertilizer market outlook points to firmer prices, supported by China's early settlement of 2026 MOP prices and ongoing negotiations by India with major potash suppliers. However, the division expects demand to remain healthy in light of the robust CPO prices.

Export restrictions from China on ammonium chloride and phosphate fertilizers are anticipated to persist, keeping prices firm. However, the stronger Ringgit Malaysia in early 2026 should help offset these firmer prices, providing some relief to domestic buyers.

However, the recent geopolitical conflict in the Middle East could potentially increase transportation cost and disrupt shipping routes, leading to rising global fertilizer prices and potential delay in supply. In addition, rising risks of shifting weather patterns may also disrupt planting cycles, and temper fertilizer consumption.

General Trading

Infrastructure projects announced in the Sabah State Budget 2026 are expected to provide strong support for general trading activities. Key initiatives include Phase 1B of the Pan Borneo Highway, spanning 388 km, the upgrading of Kota Kinabalu International Airport and Tawau Airport, as well as the expansion of Sepanggar Bay Container Port. These developments are poised to enhance connectivity, improve logistics efficiency, and stimulate broader economic activity across the state.





BUILDING MATERIALS



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



Revenue
RM1.05
billion



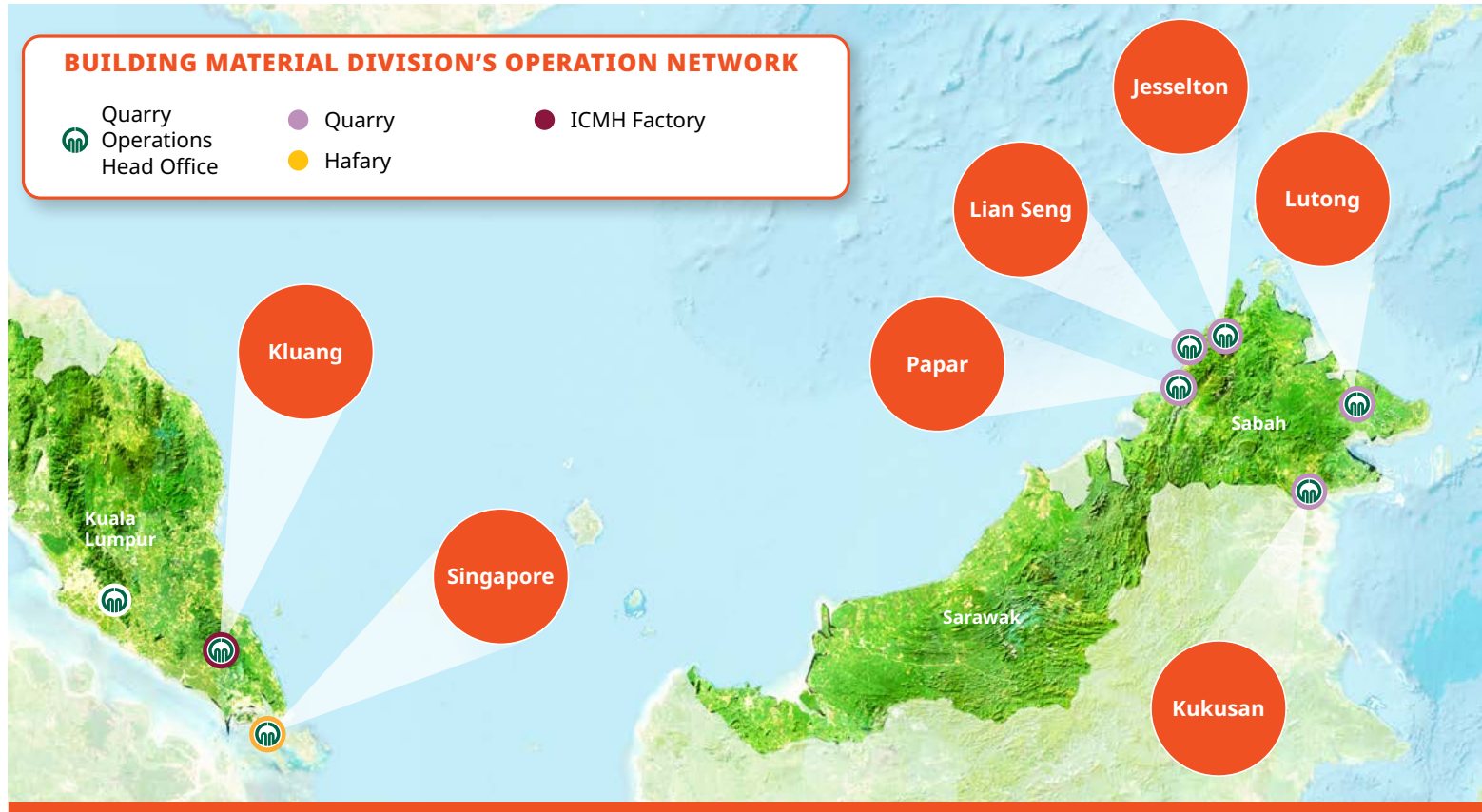
Operating Profit
RM174.6
million





Hafary House Gallery at Lavender Street, Singapore

MANAGEMENT DISCUSSION AND ANALYSIS



Quarry Operations

This operation engages in quarrying activities in Sabah with an approximate total capacity of 4.3 million tonnes per annum from 5 quarries located in Sabah. The quarry products are distributed mainly to the local infrastructure and construction industry. The operations also exports to Brunei and Indonesia.

Hafary

The Singapore operations are carried out by its listed subsidiary in Singapore, Hafary. Hafary is the leading building material supplier in Singapore, supplying a comprehensive range of products, including tiles, stones, marbles, mosaics, wood flooring and interior fittings.

Hafary operates from its corporate headquarters, which also serves as its main gallery, together with five premises comprising showrooms and warehousing totalling an area of approximately 800,000 square feet in Singapore.

Hafary operates through three segments:

- General segment comprises retail “walk-in” customers, homeowners and architecture, interior design and renovation firms. This segment caters to smaller project such as home renovations or small property developments.

MANAGEMENT DISCUSSION AND ANALYSIS

- Project segment caters to major property development projects in the residential, commercial, public and industrial sectors. Project customers include architecture firms, property developers and construction companies.
- 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 produces ceramic tiles for both Malaysia and overseas customers. These products are supplied through original equipment manufacturer (OEM) customers as well as through Hafary' own distribution channels which service projects, retail and export distributors.

MARKET CONDITION

In 2025, the Malaysian economy grew by 5.2 % (2024: 5.1%) with the construction sector experiencing growth of 12.2% (2024: 17.5 %), driven by the building sector.

The Singapore economy expanded by 5.0% in 2025 (2024: 5.3%), primarily supported by the manufacturing, wholesale trade, and finance & insurance sectors. The Singaporean construction sector grew 5.2% in 2025 (2024: 5.4%), supported by public residential building and civil engineering projects.

MANAGEMENT STRATEGY

Quarry Operations

The operation continues to focus on strategies 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 well-positioned to offer an expanding product range through the Hafary Gallery at 105 Eunos Avenue 3. Designed to deliver an immersive experience, the Hafary Gallery spans a total of 43,000 square feet and features dedicated showcase areas. Its highlight is the large format porcelain slab, measuring up to 3.2 metres by 1.6 metres, which introduces new possibilities in application, scale, and design grandeur.

Hafary House is the newest space located in the vibrant Lavender Street in Singapore. Spanning 10,000 square feet, it has been thoughtfully designed to provide an immersive and inspiring environment for design enthusiasts, architects, and homeowners. With a curated selection of premium building materials and innovative design solutions, Hafary House is set to become a leading destination for those seeking to elevate interior and architectural spaces. This expansion strengthens Hafary's ability to better serve the needs of its retail customers in Singapore.

Hafary opened its first flagship showroom in Malaysia in August 2025. Dubbed "The House of MML", the 13,000 square feet showroom is strategically located at the former Rothman's roundabout - now a highly accessible central junction in Petaling Jaya. The showroom offers an immersive design experience, showcasing the MML brand collections in real life settings to inspire designers, architects and homeowners.

Hafary will capitalize on its manufacturing capabilities through ICMHSB to expand upstream and alleviate supply chain constraints. The company will also utilize the Group's MML brand and distribution networks to boost sales in Malaysia and the regional export market.

OPERATIONAL PERFORMANCE

In 2025, the division recorded a revenue of RM1.05 billion (2024: RM1.03 billion) and operating profit of RM174.6 million (2024: RM181.4 million).

The quarry operation recorded a revenue of RM109.6 million (2024: RM140.5 million) and an operating profit of RM17.9 million (2024: RM22.2 million). The lower revenue was primarily due to the discontinuation of quarrying activities in Peninsular Malaysia, partly mitigated by higher average aggregate selling prices.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the Hafary registered a revenue of RM937.3 million (2024: RM893.7 million) and operating profit of RM156.7 million (2024: RM159.2 million).

The general segment recorded improved retail sales performance, supported by the property market conditions in 2025, which led to higher residential transaction and renovation activity. However, due to foreign exchange translation losses arising from the strengthening of the Ringgit against the Singapore Dollar in 2025, the segment's revenue remained relatively unchanged at RM466.2 million (2024: RM466.6 million).

The project segment benefited from contribution from a newly acquired subsidiary in China, namely MML Shanghai Trading Co Ltd. The inclusion of the subsidiary expanded the group's project revenue base and contributed incremental sales during the financial year. However, due to foreign exchange translation losses, revenue from the project segment decreased by 2.0% to RM265.2 million (2024: RM270.6 million).

Revenue from the manufacturing segment increased by 31.6% to RM205.9 million (2024: RM156.5 million), primarily attributable to the full capacity of the manufacturing plant and the expansion of sales into the United States and the ASEAN market.

SHORT AND LONG-TERM GOALS

Quarry Operations

The operation's short-term goals are to optimise the utilisation of its assets, improve balance sheet through outsourcing of production activities, and 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 leadership position in Sabah for aggregate production.



Hafary

Hafary's short-term goals are to grow sales volume, improve operating profits and enhance market leadership. It will further utilize online marketing initiatives, such as virtual showroom tours, online product videos via YouTube, Facebook and Instagram platforms.

Digitalisation continues to remain a focus area for Hafary, not just for customer engagement but also to increase operational efficiency within the operation team. The use case of the existing mobile app has been extended to streamline inventory procedures. Staff can now use the app to conduct stock checks and internal reviews, which will subsequently improve operational efficiency. Hafary will continue to expand the breadth of services and operational use case of its mobile app and continue to take steps forward towards increased digitalisation.

Hafary has strengthened its brand presence by launching dedicated marble galleries and tile showrooms that effectively promotes and showcases its comprehensive product range. These spaces are designed to deliver a curated, hands on experience, enabling customers to view full size displays, explore design concepts, and appreciate the quality, finishes, and applications of the materials. By creating an immersive showroom environment, Hafary enhances customer engagement and supports informed decision-making for both retail and project-based customers.

In the longer term, Hafary will continue to build up on its current product competencies, strengthen its supply chain and explore overseas opportunities. Hafary diversified its business into the manufacturing segment to actively reinforcing its control over the supply chain. This strategic move will position Hafary adeptly to capitalize on future growth opportunities within the targeted markets.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK FOR 2026

Infrastructure projects announced in the Sabah State Budget 2026 are expected to provide strong support and demand for aggregates. Key initiatives include Phase 1B of the Pan Borneo Highway, spanning 388 km, the upgrading of Kota Kinabalu International Airport and Tawau Airport, as well as the expansion of Sepanggar Bay Container Port. The announcement by the Indonesian President on the government's commitment to continue development of the new Indonesian capital, Nusantara, is expected to augment the export sales to Indonesia.

Growth in the Singapore economy is expected moderate, but remain resilient in 2026. This growth is supported by tech-related activities, particularly the manufacture and wholesale of electronics and IT equipment, on the back of global AI tailwind. The construction and financial services sectors are also likely to see firm growth. However, the geopolitical uncertainties coupled by the re-escalation of tariff actions, may adversely affect Singapore's open economy.

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.

CPO and PK prices are important factors in determining the Plantation division's profitability. The division monitors CPO and PK price movements and contracts to sell at the right opportunity time, with most sales contracts being spot sales.



The plantation industry is regularly confronted with escalating production costs, including higher input material expenses and increased minimum wage requirements. This cost pressure is heightened with the current geopolitical conflict in the Middle East, particularly for fertilizer and diesel. To address these challenges, the division consistently pursues operational efficiency improvements. These includes mechanizing certain works, such as the use of drones for fertilizer application and chemical spraying, which enhances accuracy, reduces labour dependency, and improves field coverage. The division's two biogas plant reduces the dependency on diesel to generate electricity. The upcoming biogas plant in Tomanggong Palm Oil Mill in 2026 will further reduce diesel consumption for the division.



The division is also adopting fibre mats during replanting to lower transportation cost and introducing lighter harvesting poles to improve harvester productivity and reduce fatigue. In addition, major input materials are procured through competitive tenders to secure the best pricing and ensure disciplined cost control across all centres.

Adverse weather conditions continue to pose a threat to the production of palm oil by potentially affecting the oil palm and disrupting field operations. The division remains vigilant to such conditions and implements measures to mitigate potential impacts on both the trees and overall operations.

Occupational safety and health of all its employees remain a central priority for the division. It regularly seeks to strengthen its health and safety procedures and protocol with guidance from the Department of Occupational Safety and Health. The division has also strengthened its safety protocols in all its mills with the attainment of the ISO 45001:2018 certification.

MANAGEMENT DISCUSSION AND ANALYSIS



The Property division anticipates further improvement in the property market in 2026, supported by targeted government initiatives aimed at assisting homebuyers. However, purchasing decisions may remain cautious amid economic uncertainties and inflationary pressures caused by the new geopolitical conflict in the Middle East. To address this, the division will continue to offer a diverse range of promotional packages designed to attract homebuyers across the Klang Valley and Sabah.

The division's strategically located and ESG-compliant commercial properties are expected to maintain healthy occupancy rates and continue attracting tenants in 2026. However, the oversupply of office space, together with the continued influx of new developments in Kuala Lumpur, is anticipated to exert pressure on occupancy and rental rates. To mitigate this, the division will prioritize proactive leasing strategies and the ongoing maintenance of its high-quality, ESG-compliant commercial properties with efficient modern specifications, ensuring they remain competitive in attracting tenants seeking green-certified office spaces.

The hospitality segment remains subject to fluctuations in tourism flows. While the outlook is supported by the Visit Malaysia 2026 campaign and the continuation of visa-free entry for nationals of China and India, any changes in travel policies, air connectivity or economic conditions in these markets, coupled with intensifying competition arising from new hotel launches both in the Klang Valley and Kota Kinabalu, may affect occupancy levels and average room rates.

In addition, the ongoing uncertainties in the Middle East, coupled by the increase in air fares, may reduce tourists, particularly from Europe and other long-haul markets that utilises the Middle East as a transit hub. However, Malaysia's tourism sector may still find support from

regional demand from Singapore, Thailand, Indonesia, China and India.

The division will continue to focus on service quality and operational efficiency to sustain performance.

The Credit Financing division will remain 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 view of the uncertainties in the global and domestic markets, especially with the ongoing Middle East conflict, the division maintains a healthy capital adequacy ratio to support the loan portfolio and reinforce its overall financial resilience.



The automotive industry continues to operate in a dynamic and competitive environment. Pricing competitiveness, the entry of new brands and products—particularly in the EV segment—and evolving consumer preferences may create uncertainties in market demand and margins. In addition, anticipated regulatory developments, including the revision of vehicle excise duty calculation mechanisms and the expiry of EV tax exemptions which may result in higher EV prices from 2026, could influence vehicle pricing and purchasing behaviour.

Furthermore, ongoing geopolitical conflict in the Middle East may pose risks to global supply chains, including potential disruptions to the production and shipment of Completely Knocked Down (CKD) parts arising from shipping route adjustments and vessel availability constraints. Heightened economic uncertainties may also lead customers to adopt more prudent capital spending, potentially delaying the planned replacement of trucks and passenger vehicles. These factors may impact the demand outlook, supply chain stability and overall performance of the automotive industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Supply disruptions are expected to weigh on the fertilizer market in early 2026. Potash shipments from Belarus and Russia face delays as Baltic exports slow to a near halt due to severe ice conditions in the Gulf of Finland, tightening MOP availability. At the same time, geopolitical conflict in the Middle East threatens exports of rock phosphate and urea, while fuel and freight costs has risen as vessels reroute to avoid the region.



These factors point to generally firmer fertilizer prices in 2026. Against this backdrop, the fertilizer trading operations' prudent strategy of matching supply with demand, while anticipating potential disruptions, is expected to help navigate uncertainty effectively and sustain market resilience.

The general trading and quarry operations remains 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, coupled with increased competition in the Indonesian market, there is increased likelihood of downward pressure on demand. The general trading operations plans to mitigate this by extending credit to established customers with good payment track record.



In Malaysia and Singapore, the geopolitical conflict in the Middle East and its impact on consumer local spending may lead to decrease in Hafary's sales and margins and also increase in impairment and write-off of trade receivables and inventories, due to more challenging business environment, customers' mismanagement, customers' overtrading.



Hafary may encounter manufacturing-related risks associated with its upstream expansion into tile production. However, its manufacturing joint venture partner, CNA Pte Ltd, an established and experienced premium tile manufacturer in China, will continue to bring its valuable expertise and capabilities to mitigate potential financial risks arising from cost inflation and ensure product quality.



Notwithstanding these adversities, Hafary maintains a stance of cautious optimism, steadfastly committed to addressing and navigating these challenges. This commitment is underpinned by the anticipation of sustained growth in Hafary's key target markets.

MANAGEMENT DISCUSSION AND ANALYSIS

MOVING FORWARD

The Malaysian palm oil industry is expected to see a decline in production in 2026, from 28.3 million tonnes in 2025 to between 19.6 million to 19.8 million tonnes, due to a tree-resting cycle following a period of high yield. However, palm oil exports are expected to rise from 15.3 million tonnes to between 15.8 million to 16.8 million tonnes on the back of lower palm oil exports from Indonesia due to their biodiesel mandate. The initial average CPO price projection of between RM3,900 and RM4,100 per tonne will likely be affected by the conflict in the Middle East and competition from competing vegetable oils.



Key initiatives in the Malaysian Budget 2026 such as the increasing SJKP Government Guarantee to RM20 billion and extending full stamp duty exemption for first-time home purchases up to RM0.5 million until 31 December 2027 is set to assist the property market to remain resilient in 2026. In addition, a stable interest rate environment, coupled with attractive promotional packages and collaborative efforts with various agencies and financial institutions, is expected to support demand for residential properties, particularly in prime and strategic locations.

The addition of new office spaces in Kuala Lumpur will prove challenging for the commercial office sector in 2026. Nonetheless, supported by a resilient tenant portfolio, proactive leasing initiatives, and robust building management practices, the Property division remains confident in the sustained viability of its investment properties. The division's investment portfolio will be further enhanced with the anticipated commencement of the retail space at KL Midtown scheduled for end-2026.

The outlook for the hospitality sector remains optimistic, supported by Visit Malaysia 2026 and visa-free entry for nationals of China and India. The division remains confident that its 5-star hotels, namely Hyatt Centric Kota Kinabalu, Hyatt Centric City Centre Kuala Lumpur and Hyatt Regency Kuala Lumpur at KL Midtown, will continue to perform.

The Credit Financing division will continue to with its prudent lending, capitalising on Group-wide synergies to maintain its loan portfolio. The NPL would be controlled through concerted efforts in credit control, debt recovery and account rehabilitation.



The automotive industry TIV is expected to drop by 3.7% to 790,000 units in 2026, following a record high in 2025. The expected decline in TIV is partly fuelled by the uncertainties amid the on-going geopolitical tension and the expiry of tax incentives for fully imported EVs. Nevertheless, an accommodative monetary policy ensuring a stable loan borrowing cost will bode well for the industry.

Our commercial vehicle operation is also expected to benefit from the the proposed merger between Mitsubishi Fuso Truck and Bus Corporation and Hino Motors, providing it with a wider product portfolio and better support.

MANAGEMENT DISCUSSION AND ANALYSIS



The fertilizer industry is expected to witness firmer prices due to major potash settlements. Restricted exports from China will also continue to keep prices for certain fertilizers firm. However, the conflict in the Middle East has now placed upward price pressure and potential shipment delay, caused by rising transportation cost and disruption in shipping routes.

Nevertheless, the division expects demand to remain healthy in light of the robust CPO prices.



For the general trading business and Building Materials division, large infrastructure projects announced in the Sabah Government Budget 2026 such as Phase 1B of the Pan Borneo Highway, the upgrading of Kota Kinabalu International Airport and Tawau Airport, and the expansion of the Sepanggar Bay Container Port are expected to drive demand for building materials and quarry products. In addition, the Indonesian

government's commitment to continue development of its new capital in Nusantara is also expected to drive export sales to Indonesia.

Hafary is cautiously optimistic that demand for both its general and project segments will remain positive in 2026, while its manufacturing segment is expected to improve amid its current full production capacity. The division will continue to focus on stock optimisation, cost control and driving sales growth.

Notwithstanding the above, the Group is cognisant of the potential impact on the Group's businesses amid global uncertainties such as geopolitical conflict in the Middle East and US trade tariffs. 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 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



▶ Front row - Standing from left to right

1 Cheah Yee Leng
Executive Director

2 Thomas Karl Rapp
Independent Non-Executive
Chairman

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

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

▶ Back row - Standing from left to right

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

6 Wong Yoke Nyen
Independent Non-Executive
Director

7 Tan Boon Peng
Independent Non-Executive
Director

DIRECTORS' PROFILE



Thomas Karl Rapp

Independent Non-Executive Chairman

Thomas Karl Rapp, male, a German, aged 69, 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended all five board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE



Datuk Edward Lee Ming Foo, JP, male, a Malaysian, aged 71, is the group 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 Gek Poh (Holdings) Sdn Bhd (Gek Poh) and group managing director of 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended all five board meetings held during the financial year ended 31 December 2025.



Cheah Yee Leng

Executive Director

Cheah Yee Leng, female, a Malaysian, aged 57, 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 no public sanction or penalty was imposed on her by the relevant regulatory bodies during the financial year ended 31 December 2025.

She attended all five board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE



Datuk Simon Shim Kong Yip, JP

Non-Independent Non-Executive Director

Datuk Shim Kong Yip, JP, male, a Malaysian, aged 69, is a non-independent non-executive director of Hap Seng Consolidated Berhad (HSCB) 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 of the Company. He is a director of Akal Megah Sdn Bhd, Byorion Sdn Bhd and Shang Legacy Sdn Bhd, all of which have principal activities in property investment in Tawau. This may give rise to a potential conflict of interest with the subsidiaries of HSCB that are also involved in property investment in Tawau. Accordingly, he will abstain from participating in the deliberations and voting on resolutions relating to the rental transactions.

Save as disclosed above, Datuk Simon Shim does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with the Company and its subsidiaries, other than 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended three out of five board meetings held during the financial year ended 31 December 2025.



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 60, 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, Zurich General Takaful Malaysia Berhad and Zurich Takaful Malaysia Berhad. He is also an independent non-executive director of 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 Fellow 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 with 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 the 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 of 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended all five board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE



Tan Boon Peng, male, a Malaysian, aged 59, 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 chairman 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 a portfolio of industrial and logistics assets. Three of the shopping malls and two logistics centres are located in the Klang Valley, which may pose a potential conflict of interests with the subsidiaries of HSCB involved in shopping malls and logistics centres. 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended all five board meetings held during the financial year ended 31 December 2025.



Wong Yoke Nyen

Independent Non-Executive Director

Wong Yoke Nyen, male, a Malaysian, aged 67, 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

He attended all five board meetings held during the financial year ended 31 December 2025.

SENIOR MANAGEMENT TEAM



► Front row - Standing from left to right

1 Lee Weng Yew
Chief Executive
(Automotive Division)

2 Voon Thau Vui
Chief Executive
(Trading Division)

3 Khor Soo Beng
Chief Executive
(Property Division)

4 Datuk Edward Lee Ming Foo, JP
Group Managing Director

5 Cheah Yee Leng
Director of Corporate Affair
& Group Legal Counsel

6 Au Yong Siew Fah
Chief Executive
(Plantation Division)

7 Lim Chee Long
Chief Executive
(Credit Financing Division)

► Back row - Standing from left to right

8 Chong Chee Wooi
Deputy Group Finance
Director

9 Lim Kwan-Sek
Group Human Resource
Director

10 Tan Boon Siong
Group Chief Financial
Officer

11 Chia Nam Liang
Chief Information Officer

SENIOR MANAGEMENT TEAM'S PROFILE

LEE WENG YEW

Chief Executive – Automotive Division

Lee Weng Yew, male, a Malaysian, aged 50, 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 23 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

VOON THAU VUI

Chief Executive – Trading Division

Voon Thau Vui, male, a Malaysian, aged 62, 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. He is also an executive committee member of Fertilizer Industry Association of Malaysia (FIAM).

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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

SENIOR MANAGEMENT TEAM'S PROFILE

KHOR SOO BENG*Chief Executive – Property Division*

Khor Soo Beng, male, a Malaysian, aged 63, is the chief executive of property division of Hap Seng Consolidated Berhad and was appointed to this position on 1 January 2026.

Mr. Khor joined HSCB group of companies in 2013, and the last position held was chief operating officer of property division prior being promoted to his present position. 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 Fellow 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

AU YONG SIEW FAH*Chief Executive – Plantation Division*

Au Yong Siew Fah, male, a Malaysian, aged 75, 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 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

SENIOR MANAGEMENT TEAM'S PROFILE

LIM CHEE LONG

Chief Executive – Credit Financing Division

Lim Chee Long, male, aged 54, is the chief executive of the credit financing division of Hap Seng Consolidated Berhad (HSCB) and was appointed to this position on 3 July 2025.

Mr. Lim joined HSCB group of companies in 2015, and the last position held was general manager of the credit financing division prior being promoted to his present position. He has more than 24 years of experience in senior management positions with various international and local financial institutions specializing in corporate and commercial banking, industrial hire purchase and leasing businesses, covering SMEs, large, and listed corporations in Malaysia and regional countries. He was the director of the ASEAN Regional Office and Commercial Bank Product Development at CIMB Bank Berhad.

Mr. Lim holds a professional membership from the Institute of Chartered Secretaries and Administrators (ICSA) and possesses a Master of Business Administration from Universiti Teknologi Malaysia.

Currently, Mr. Lim holds 10,000 HSCB shares.

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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

CHONG CHEE WOUI

Deputy Group Finance Director

Chong Chee Woui, male, a Malaysian, aged 54, 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

SENIOR MANAGEMENT TEAM'S PROFILE

LIM KWAN-SEK*Group Human Resource Director*

Lim Kwan-Sek, male, Malaysian, aged 53, 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

TAN BOON SIONG*Group Chief Financial Officer*

Tan Boon Siong, male, a Malaysian, aged 58, 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 ("CFO"). 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

CHIA NAM LIANG

Chief Information Officer

Chia Nam Liang, male, a Malaysian, aged 64, 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 no public sanction or penalty was imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2025.

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 LR’s 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 LR’s. 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

AC	NC	RC
<p>The AC is responsible to support the Board with its oversight role in the areas of financial reporting, related party transactions and conflict of interests, internal control environment, internal audit and external audit as well as the Group's overall risk management system.</p>	<p>The NC is responsible to recommend candidates to be appointed to the Board, Board Committees and senior management team ("SMT"). The NC will conduct an annual evaluation performance of the Board and the Board Committees as well as to develop succession plans for Board and SMT.</p>	<p>The RC is to set out the Group's remuneration policy, and to make remuneration recommendations for executive directors, non-executive directors and SMT.</p>

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 2025 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	3/5	3/5	1/2	1/3
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	5/5			3/3
Tan Boon Peng ¹	5/5		1/1	
Wong Yoke Nyen ²	5/5	4/4		
Leow Ming Fong @ Leow Min Fong ³	1/1	1/1	1/1	

¹ Appointed on 4 March 2025. Mr. Tan Boon Peng attended one RC meeting after his appointment.

² Appointed on 4 March 2025. Mr. Wong Yoke Nyen attended four board meetings after his appointment.

³ Resigned on 3 March 2025. Mr. Leow Ming Fong @ Leow Min Fong attended one board meeting, one AC meeting and one RC meeting before his resignation.

■ Board/Board Committee Chairman ■ Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 group managing director is responsible for the efficient and effective management and day-to-day operations of the Group (“ Group Managing Director”), in accordance with the strategic direction of the Board. The positions of Chairman and Group 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.

The fit and proper policy is in place to guide the NC and Board in their review and assessment of suitable candidates that are to be appointed to the Board or its subsidiaries as well as directors who are seeking for re-election.










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.

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:

Accounting 	Finance & economics 	Legal 
Business management 	Automotive 	Industrial products 
Plantation 	Credit/ Banking 	Construction / Property development 

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is currently made up of four independent non-executive directors, one non-independent non-executive director and two executive directors including a group 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.

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 director 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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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.

The Board reviewed and amended the Company's anti-bribery and corruption policy and whistle-blowing policy, with the view to improve the same.

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 if required, on topical areas to keep directors updated with the latest developments or changes in the regulatory framework and the like.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Training programmes attended by the Board members during the financial year ended 31 December 2025 are outlined below:

Programme Title	Date
Thomas Karl Rapp	
Preparing for 2025: Key Tax, Accounting and Legal Highlights on E-Invoicing and Finance Act 2024 for Malaysian Businesses	16 January 2025
Stay Ahead of Your Compliance Curve on XBRL, MBRS 2.0 & E-Invoicing	16 April 2025
Tariffs, Contracts & Risk: What Every Malaysian Exporter & Supplier Must Know Now	18 April 2025
Employee Share Plan Unlocked: Strategic, Tax, and Compliance Insights for Growth-Driven Companies	21 August 2025
Audit Oversight Board's Conversation with Audit Committees	25 November 2025
Datuk Edward Lee Ming Foo, JP	
Tariff and FX Talk	29 July 2025
Budget Update Session – Malaysia Budget 2026 and Finance Bill 2025	25 November 2025
Outlook 2026 Agri Commodities and Energy	26 November 2025
Cheah Yee Leng	
Training on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2)	16-17 June 2025
Navigating the Impact of Tariff on China-Malaysia Trade	20 June 2025
The Impact of Global Political and Legal Shifts on Doing Business in the Asia-Pacific	10 July 2025
Strategic Oversight in Strategy Implementation – Getting Execution Right at the Board Level	28 July 2025
Datuk Simon Shim Kong Yip, JP	
The 42 nd International Symposium on Economic Crime of which Datuk Simon was one of the speakers	31 August-7 September 2025
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah	
Advancing Board Diversity for Effective Governance	7 March 2025
Masterclass Navigating High Tech Financial Crime – Key Risks and Board Responsibilities	6 May 2025
ASEAN amidst Shifting Global Order – A dialogue with Professor Jeffrey Sachs	23 May 2025
Bank Negara Malaysia Sasana Symposium 2025	17 June 2025
Global Islamic Finance Forum	13 October 2025
International Conference on Financial Crime and Counter Terrorism Financing 2025	5 November 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Programme Title	Date
Tan Boon Peng	
Stay ahead of IRB's evolving tax enforcement strategies	23 May 2025
ASEAN amidst Shifting Global Order – A dialogue with Professor Jeffrey Sachs	23 May 2025
Defrauded in the Age of AI and Deepfakes: Remedies and Risk Management	4 June 2025
Wong Yoke Nyen	
Invest ASEAN-Malaysia Conference 2025 - Driving ASEAN Integration through Malaysia's Economic Resilience	1 July 2025
Becoming Effective - How to Use AI to Boost Productivity and Work Performance	1 September 2025
Climate First....or Last?	8 September 2025
Audit Oversight Board's Conversation with Audit Committees	25 November 2025

SUSTAINABILITY

The Board oversees the sustainability strategy of the Group. Group Sustainability Committee chaired by the Group Managing Director with participation of business division heads is to assist the Board to achieve the overall effectiveness and adequacy in the management of sustainability and climate-related matters in accordance to the Group Sustainability Framework. Group Sustainability Committee is responsible to oversee the progress on delivering the sustainability commitments and identify future sustainability and climate related risks and opportunities to the Group. The Group 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 sustainability-related key performance indicators ("Sustainability KPIs") of the Group and the 2026 work plan for compliance with regulatory and disclosure requirements. Sustainability KPIs are formulated to enhance accountability and to encourage continuous improvements. The Sustainability KPIs are linked to the remuneration of SMT as recommended by the MCCG.

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

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 group managing director assumes the role of chairman of the RMC while the chief executives 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 2025 was issued 28 days prior to AGM ("2025 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 2025 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 2025 AGM.

The chairs of all the Board Committees were present to facilitate discussion on matters such as audit, nomination and remuneration.

The external auditors, Messrs Ernst & Young PLT, were also present at the 2025 AGM to address queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

Before the proposed resolutions were put to a vote, the Chairman shared at the meeting the questions received from Minority Shareholders Watch Group, which were duly addressed. Chairman then opened the floor for questions, all of which were appropriately addressed. 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 2025 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 - Appointed on 4 March 2025
Mr. Thomas Karl Rapp	Independent Non-Executive Director
Datuk Simon Shim Kong Yip, JP	Non-Independent Non-Executive Director

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 2025, five meetings were held. Attendance details of each member of Audit Committee are set out in the Corporate Governance Overview Statement on page 65 of this annual report.

The executive directors, deputy group 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 2025 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 20 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 and International 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.
- 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.

AUDIT COMMITTEE REPORT

- 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 Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants.
- 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 Datuk Simon Shim Kong Yip and Mr. Tan Boon Peng are disclosed on pages 54 and 56 of this annual report. Both Datuk Simon Shim Kong Yip and Mr. Tan Boon Peng have undertaken to abstain from deliberation and voting on matters related to these 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 2025 is set out in the Statement on Risk Management and Internal Control on page 81 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 2025, three meetings were held. Attendance details of each member of Nominating Committee are set out in the Corporate Governance Overview Statement on page 65 of this annual report.

Summary of Activities of the Nominating Committee

The members of the Nominating Committee undertook the following for the financial year ended 31 December 2025:

- Reviewed and recommended to the Board the redesignation of Mr. Puan Chen Keck from chief executive of credit financing division to business director.
- Reviewed and recommended to the Board the appointment of Mr. Lim Chee Long as the chief executive of credit financing division.
- Reviewed and recommended the renewal of service contract of a senior management team member of Group IT for Board's approval.

During the meeting held on 26 February 2026, members of the Nominating Committee undertook the following for the financial year ending 31 December 2026:

- 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 and recommended the renewal of service contracts of the senior management team members of property division and trading division for Board's approval.
- 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.

NOMINATING COMMITTEE REPORT

- 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) Mr. Thomas Karl Rapp (Independent Non-Executive Chairman); and
 - (ii) Mr. Tan Boon Peng (Independent Non-Executive Director).
- 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 board charter and terms of reference of the board committees adopted by the Board.
- 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.
- Reviewed and amended the Company's anti-bribery and corruption policy and whistle-blowing policy.

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 - Appointed on 4 March 2025

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 2025, two meetings were held. Attendance details of each member of Remuneration Committee are set out in the Corporate Governance Overview Statement on page 65 of this annual report.

Summary of Activities of the Remuneration Committee

- During the Remuneration Committee meeting held on 20 November 2025, 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 2026 and bonus for the financial year ended 31 December 2025. 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 2025/2026 for the average salary increment and bonus.
- During the Remuneration Committee meeting held on 26 February 2026, the Remuneration Committee reviewed the non-executive directors and Board Committees fees for the financial year ended 31 December 2025 to ensure that the fees are commensurate with the time commitment required, responsibilities, duties and commitment contributed by non-executive directors.

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 2025 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 (“SORMIC”): Guidelines for Directors of Listed Companies” (“SORMIC Guide 2025”).

This statement only covers entities under the Group’s control. Associates and joint ventures are excluded as the Group does not have full operational or management control over these entities.

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	head of group internal audit
group chief financial officer	chief risk officer / senior manager overseeing the risk management function
chief executives of the respective business division	

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. For areas which require improvement, the Board is satisfied that the necessary action plans have been or are being developed with implementation dates being monitored by the Audit Committee and internal audit function.

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 group 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 2025 was approximately RM2.89 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 73 to 77 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 group 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

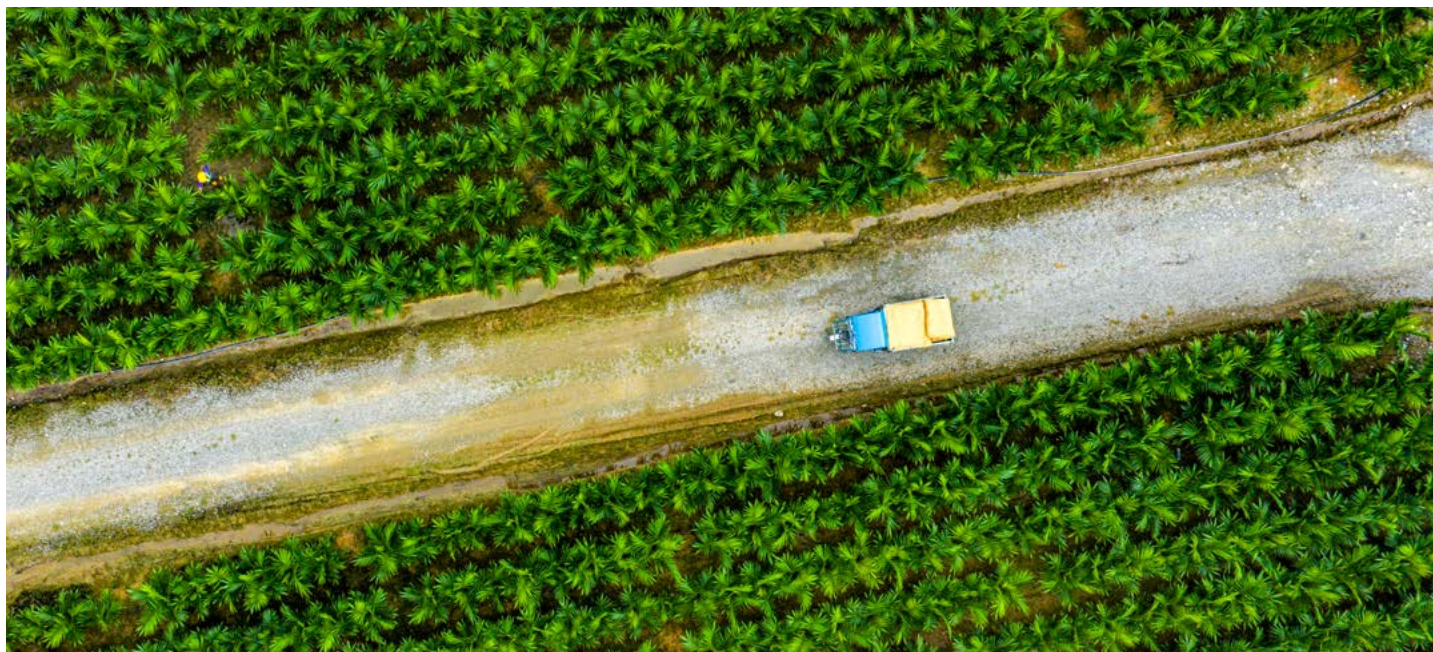
Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process, system of internal control and other processes put in place through its Board Committees were operating adequately and effectively in all material aspects to meet the Group's 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 2025, 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 Section 7 of the SORMIC Guide 2025 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 STATEMENT



1 BASIS OF PREPARATION AND PRESENTATION

1.1 Compliance With The IFRS Sustainability Disclosure Standards

The sustainability-related financial disclosures (Sustainability Statement) of Hap Seng Consolidated Berhad (Hap Seng or the Group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in line with the MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad (MAIN LR).

In compliance with the MAIN LR, 3-year data points for metrics (refer page 97), Bursa's Prescribed Table (refer page 103) and Statement of Assurance (refer page 102) have been disclosed.

Disclosure topics in the Sustainability Accounting Standards Board (SASB) Standards for relevant industries have been referred to and considered when preparing this statement. Please refer to Section 6 for more information.

The Group publishes its standalone Sustainability Report. The report and its full sustainability disclosures can be found at: <https://www.hapseng.com.my/en/sustainability-statement.html>.

1.2 Connectivity With Financial Statements

This Sustainability Statement should be read in conjunction with the Group's consolidated financial statements which are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. This report covers the financial year ended 31 December 2025 and is aligned with the reporting period of the Group's financial statements.

This Sustainability Statement covers the same reporting entities as the related consolidated financial statement, which comprise Hap Seng Consolidated Berhad, its subsidiaries, associates and joint ventures. In preparing this sustainability-related financial disclosures, the Group has considered its own operations and its value chain. Please see Section 5 for more information.

The presentation currency of the sustainability-related financial disclosures is Ringgit Malaysia (RM), which aligns to the presentation currency used in the Group's financial statements.

In this statement, the Group applies climate-related time horizons of short-term (1 year), medium-term (to 2030), and long-term (2031 to 2050).

SUSTAINABILITY STATEMENT

1.3 First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs

The Group is reporting under the IFRS Sustainability Disclosures Standards for the first time for the annual reporting period ended 31 December 2025. It has applied the following standards for its annual reporting period commencing 1 January 2025:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)
- IFRS S2 Climate-related Disclosures (IFRS S2)

As at 31 December 2025, there are no other IFRS Sustainability Disclosure Standards issued by the ISSB.

IFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards. The MAIN LR provides additional transition reliefs for MAIN Market listed issuers. The Group has applied the following transition relief in this Sustainability Statement:

- Permissible to disclose information on only climate-related risks and opportunities (CRO) (in accordance with IFRS S2).
- Permissible not to present comparative IFRS-related disclosures for this initial reporting period. However, comparative information is provided for selected indicators to maintain continuity with prior reporting practices.
- Permissible to not disclose Scope 3 emissions
- Permissible to focus on providing climate-related disclosures for principal business segments.

2 REPORTING BOUNDARY

Reporting Boundary Excluding Greenhouse Gas (GHG) Emissions

The entities, assets and operations included in the Group's Sustainability Statement 2025 are the same as those included in the Group's consolidated financial statements for the year ended 31 December 2025.

Reporting Boundary For GHG Emissions

The Group measures and reports GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard.

The Group's reporting boundary for GHG emissions comprises both an organisational boundary and an operational boundary, as described below.

Organisational Boundary

The Group applies the operational control approach to establish its organisational boundary for GHG emissions reporting. Under this approach, the Group accounts for emissions from operations and assets over which it has the authority to introduce and implement operating policies and procedures.

Within this boundary, the Group's scope 1 and scope 2 inventory cover operational emissions across all the business divisions of the Group.

PLANTATION



PROPERTY



CREDIT FINANCING



AUTOMOTIVE



TRADING



BUILDING MATERIALS



SUSTAINABILITY STATEMENT

The Group does not include emissions from any associates and joint ventures that we do not have operational control.

Operational Boundary

The Group's operational boundary categorises emissions as follows:

Scope 1 (Direct emissions)

Direct GHG emissions from sources that are owned or controlled by operations within the Group's organisational boundary.

Scope 2 (Indirect emissions)

Indirect GHG emissions from the generation of purchased electricity consumed by operations within the Group's organisational boundary.

3 SIGNIFICANT JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

3.1 Significant Judgements

Significant judgement was applied in identifying the climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and in determining the material information to be disclosed in respect of those risks and opportunities. In making these judgements, the Group considered whether the information could reasonably be expected to influence the decisions of primary users of general-purpose financial reports. The process applied in assessing material climate-related information is described in Section 6 of this statement.

Judgement was also exercised in determining the applicability of metrics within the industry-based SASB Standards, taking into account the nature of the Group's business activities, operating segments, and operating context.

The assessment of climate-related risks and opportunities was based on two Representative Concentration Pathway (RCP) reference scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

(a) RCP 8.5 – High Emissions Scenario

This scenario assumes limited implementation of climate policies, resulting in continued increase in greenhouse gas emissions and a potential increase in global average temperatures of approximately 4°C or more by 2100.

(b) RCP 2.6 – Low Emissions Scenario

This scenario assumes immediate and aggressive global mitigation actions, with greenhouse gas emissions peaking early and declining thereafter, limiting the increase in global average temperatures to below 2°C by 2100.

The assessment of climate-related transition risks and opportunities was further informed by scenarios published by the International Energy Agency (IEA):

(a) Stated Policies Scenario (STEPS)

A business-as-usual scenario reflecting existing and announced policies, under which global average temperatures could increase by approximately 2.4°C.

(b) Net Zero Emissions by 2050 (NZE) Scenario

A scenario assuming rapid and comprehensive policy, technological and behavioral changes aimed at achieving net-zero emissions by 2050 and limiting global warming to approximately 1.5°C.

SUSTAINABILITY STATEMENT

3.2 Measurement Uncertainty

The following amounts have a high degree of measurement uncertainty:

(a) Quantification of anticipated financial effects for CROs

The measurement of anticipated financial effects is subject to measurement uncertainty over the medium-term and long-term. This includes assumptions on the timing and occurrence or non-occurrence of specific regulations and incidences.

(b) GHG-related metrics

GHG emissions metrics are subject to inherent uncertainties arising from reliance on activity data, and emission factors obtained from third parties. Where activity data and emission factors are unavailable, or are incomplete, estimations are used.

4 STATEMENT OF ASSURANCE

The Scope 1 and Scope 2 GHG emissions and energy metrics in this Sustainability Statement has been subjected to internal review by the Group's internal auditors.

Note: please refer to page 102 in the Sustainability Statement for the internal assurance statement.

5 ABOUT HAP SENG CONSOLIDATED BERHAD

The Group is a diversified conglomerate listed on Bursa Malaysia with six core business segments: plantations, property, credit financing, automotive, trading and building materials. The Group operates primarily in Malaysia with presence in markets such as Singapore, Indonesia, China and The United Kingdom. Its Plantation division focuses on the cultivation of oil palm and processing of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK), while the Property division undertakes residential and commercial properties development, property investment activities, as well as hospitality operations. The Credit Financing division's principal

activity is the provision of secured term loans and industrial hire purchase, primarily to small and medium enterprises. The Automotive division is involved in the distribution, retail and after-sales servicing of passenger and commercial vehicles, while the Trading division distributes fertilizers, agrochemicals and construction materials. The Building Materials division engages in quarrying activities, supplying quarry products to the infrastructure and construction industries. The division also manufactures and distributes tiles under Hafary Holdings Limited (Hafary).

Across its value chain, Hap Seng's upstream activities include resource-based operations such as oil palm cultivation, quarrying of aggregates, and procurement or sourcing of fertilizers, building materials and automotive products from suppliers. The midstream activities involve processing and manufacturing activities such as palm oil milling, brick manufacturing, and logistics and warehousing for traded goods. The Group's downstream value chain comprises property development and investment, distribution, retail and after-sales services of vehicles, supply of building materials to contractors and developers, and the provision of credit financing that support customers across its business operations.

In line with the Group's sustainability commitments, the Group has undertaken various initiatives to reduce GHG emissions across its operations and value chain. These include improving energy efficiency in manufacturing and operational facilities, adopting renewable energy sources such as solar power, recycling oil palm biomass for renewable energy, and implementing resource-efficiency practices including recycling and waste reduction. The Group also promotes sustainable agricultural practices within its plantation operations and encourages responsible procurement and operational improvements across its divisions to minimise environmental impacts.

Through these initiatives, the Group aims to manage and/ or progressively reduce its carbon footprint while enhancing operational efficiency and supporting a more sustainable and resilient business model.

6 HOW WE DETERMINED OUR FINANCIALLY MATERIAL CROS

The Group undertook a materiality assessment to identify CROs that could reasonably be expected to affect the Group's prospects.

The identification and assessment of CROs were conducted by the Divisional Sustainability Working Committees, consolidated by the Group Sustainability Team, reviewed and endorsed by the Group Sustainability Committee, and subsequently approved by the Board of Directors.

The objective of this process was to identify climate-related information that could reasonably be expected to influence the decisions of primary users of general-purpose financial reports, including information affecting the Group's cash flows, access to finance, or cost of capital.



The materiality assessment process comprised two key steps:

Step 1: Identification of CROs

a Identification of potential CROs

Potential CROs were identified using a combination of internal and external sources, including but not limited to:

- the Group's existing Enterprise Risk Management (ERM) Framework;
- educational and guidance materials issued by the IFRS Foundation in relation to IFRS S2; and
- relevant disclosure topics under the SASB Standards.
- National Sustainability Reporting Framework (NSRF)

b Financial materiality assessment

In assessing financial materiality, the Group evaluated the nature, likelihood, and magnitude of potential financial impacts associated with each identified CRO. This included consideration of potential impacts on:

- revenue;
- operating and capital expenditure;
- asset values;
- access to financing; and
- cost of capital.

Both downside risks and value-creation opportunities were assessed to provide a balanced view of potential financial implications. The Group also applied climate scenario analysis to assess the resilience of its business model to identified CROs across short-term, medium-term, and long-term time horizons.

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c Prioritisation of financially material CROs

The determination of financially material CROs involves significant judgement. Consistent with the Group's climate-first approach under IFRS S2, only CROs that could reasonably be expected to affect the Group's prospects, specifically impacts on cash flows, access to finance, or cost of capital, are disclosed in the Group's climate-related disclosures.

d Board oversight and approval

The outcomes of the CRO prioritisation process have been reviewed and endorsed by the Group Sustainability Committee. The Committee reviewed the assessment methodology, key assumptions, and principal findings to ensure their robustness and relevance. Following endorsement, the final list of financially material CROs was submitted and approved by the Board of Directors.

Step 2: Identification of Material Information

For each prioritised CRO, the Group identified the material information required to be disclosed in accordance with IFRS S2, including information relating to:



governance
and oversight
arrangements



strategic
implications for
the business



risk
management
processes



relevant
metrics and
targets

Outcome of Materiality Assessment Process

Please refer to Section 9 for the identified CROs.

Management has undertaken an assessment of climate-related physical and transition risks and opportunities across the Group's business operations. Acute and chronic physical climate risks were identified from the assessment, where acute risks refer to short-term, event-driven extreme weather events such as floods and storms that may cause immediate operational disruption and asset damage, while chronic risks relate to longer-term shifts in climate patterns, such as rising temperatures and changes in rainfall, which may gradually affect operational efficiency and asset performance over time. Based on the assessment, the financial impacts are considered to be not financially material in short term, while in medium and long term, the financial impact cannot be reliably estimated due to measurement uncertainty.

Climate-related transition risks and opportunities, including regulatory, market and technology-related factors, were assessed across all business segments. Based on the assessment, the financial impacts arising from the assessed transition risks either have no impact or are not expected to materially affect the Group in the short term, while in medium and long term, the financial impact cannot be reliably estimated due to measurement uncertainty.

7 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 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 engages with relevant internal and where possible, 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.



The results of the CRO assessment will be integrated into the Group's ERM Framework to ensure that the identified climate-related risks and opportunities are evaluated and monitored alongside other financial and operational risks to provide a holistic view of the Group's overall risk profile.

To ensure alignment between the business priorities and sustainability performance, the Group has also integrated sustainability performance into business divisional key performance indicators (KPIs) which is linked to the remuneration of employees. These KPIs are set out in the Group's Sustainability Report on our webpage.

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8 RISK MANAGEMENT

The Group's ERM Framework provides a structured and consistent approach for identifying, assessing, and managing climate-related risks and opportunities across the Group's diversified businesses. Risk Management Guidelines and Procedures complement the ERM Framework, ensuring a systematic consideration of climate-related matters.

Climate-related risks are identified and assessed as part of the Group's ERM process on biannual basis, prioritised using the same risk assessment criteria as other enterprise risks, and reported to the Group Risk Management Committee and the Board.

The Group has identified climate-related issues relevant to its operations with reference to applicable national sustainability framework and internationally recognised industry standards. Further details on the Group's risk management processes are set out in Section 6.

9 CLIMATE-RELATED RISKS AND OPPORTUNITIES

a. Climate-related risks

i. Climate-related physical risk: Extreme weather events

The Group assessed four acute and chronic climate-related physical risks—flooding, prolonged heatwaves, water stress, and landslides—and evaluated their potential impacts on its business divisions.

Effects on business model and value chain

These impacts include reduced agricultural output, lower processing efficiency, operational disruptions and increased exposure to asset damage and repair requirements. Indirect impacts may also arise across downstream logistics and processing activities where harvesting or milling disruptions affect product flows and delivery schedules.

- **Prolonged heatwave:** Extended dry periods and reduced rainfall can lead to water stress in oil palms, which may reduce fruit set as fewer flowers develop into harvestable fruits. This directly lowers FFB output and subsequently reduces CPO production volumes.

- **Flooding:** Periods of intense rainfall and increased high-precipitation days have resulted in flooding across selected plantation estates, disrupting fertiliser application, harvesting activities and restricting access to plantations and mills. Flood conditions can delay or prevent the collection and transport of FFB, leading to harvest losses, reduced milling throughput and higher operating costs associated with recovery and remediation efforts.

- **Water stress:** A condition where water availability is insufficient to meet demand, potentially affecting operational continuity, agricultural productivity, and resource management due to reduced water supply or increased competition for water.

- **Landslide:** The movement of soil, rock, or debris down a slope, often triggered by heavy rainfall or land instability, which can disrupt operations, damage infrastructure, and pose safety risks.

ii. Climate-related transition risk - Climate-related regulations

The Group is exposed to the following climate-related transition risks across its business divisions:

- Implementation of carbon-related taxes,
- Compliance to Energy Efficiency and Conservation Act (EECA)
- Tighter regulations governing the use of palm oil as a biofuel feedstock,
- Enhancing the use of biodiesel by the regulator,
- Increase in sustainability compliance cost,
- Change in commercial lending compliance,
- Change in consumer preferences,
- Evolving technology in electric vehicles (EV),
- Stakeholders' sentiment on the Group's climate commitment.

The Group considers these climate-related transition risks in its planning and budgeting process.

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b. Climate-related opportunities

In parallel with the assessment of climate-related risks, the Group has considered the following potential climate-related opportunities arising from evolving regulatory requirements, market expectations and stakeholder preferences associated with the transition to a lower-carbon economy:

- Rising corporate awareness and commitment to sustainability may increase tenants and customers preference for environmentally certified properties. In the short to medium term, this may support demand for green-certified developments and enhance the attractiveness and competitiveness of the Group's property assets, particularly where sustainability performance is increasingly considered in leasing and investment decisions.
- Implementation of renewable energy solutions, including the generation of renewable energy from biomass to reduce reliance on fossil fuel, and solar energy to reduce reliance on electricity from grid electricity, lower operational energy consumption and mitigate exposure to energy cost volatility over the short to medium term.
- Repurposing of empty fruit bunches (EFB) into fibre mats for field applications in the Plantation division have improved waste utilization and reduced fossil fuel consumption through more efficient transportation.

These climate related opportunities are not quantifiable due to data limitation. However, these opportunities will result in lower operating expenses.

c. Financial effects

Current financial effects

Physical risks

i) Flooding

During the financial year, flooding incidences only affected the Plantation division and only at three plantation estates covering about 9.7% of our estate's planted area.

Flooding incidents disrupted harvesting activities and loose fruits collection, leading to lower yield and a corresponding revenue reduction.

To mitigate the impacts of flooding incidence and enhance operational resilience, the Group has invested on the installation and maintenance of flood mitigation measures across its plantation estates and palm oil mills.

The financial effects from the flooding incidents and mitigation measures are considered not financially material.

ii. Prolonged Heatwave, Water Stress and Landslide

During the financial year, no incidence of prolonged heatwave, water stress or landslide were recorded across all the business divisions.

iii) Climate-related Transition risks

During the financial year, the Group incurred cost related to compliance with the Energy Efficiency and Conservation Act (EECA). However, the financial impact is considered not financially material. There were no financial effect related to the other transition risks.

Anticipated financial effects

Looking ahead, the Group anticipates that continued exposure to extreme weather conditions may result in lower yields from our Plantation division, reduced revenues and margin pressure over the short, medium and long term.

In the short term, the Group does not expect flooding and prolonged heatwave to have a material effect on its prospects, taking into account the limited proportion of assets affected, the Group's diversified operations and the mitigation measures currently in place. Water stress and landslides have been assessed as not expected to have any impact to the business divisions.

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The financial impacts arising from the assessed transition risks either have no impact or are not expected to materially affect the Group in the short term.

Over the medium and long term, continued exposure to extreme weather conditions may result in lower yields from the Plantation division, reduced revenues and potential increases in operating and capital expenditure. However, the anticipated financial effects over these time horizons cannot be reliably estimated at present due to measurement uncertainty in the underlying assumptions, including the timing, frequency and severity of future climate events, as well as limitations in historical and forward-looking data. As a result, the Group has not quantified these anticipated financial effects as such information would not be useful to the users of this statement.

Transition risks may pose financial effects to the Group over the medium to long term. However, these effects cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.

Based on the mitigation and adaptation measures already implemented, the Group does not expect significant increase in investments and operational costs in short term, as existing measures are adequate to address the anticipated impacts of physical and transition risks on its operations.

The Group cannot reliably estimate its investments and operational costs in the medium and long term due to uncertainty in the inputs and assumptions as well as lack of data availability.

RM'000	Current financial effects	Short-term financial effects (per annum)	Medium-term financial effects (per annum)	Long-term financial effects (per annum)
Physical and transition risks				
Financial Performance				
- Decrease in revenue	Not financially material	Not financially material	Note	Note
- Flood and heatwave mitigation (increase)	Not financially material	Not financially material	Note	Note
- Cost of compliance to Energy Efficiency and Conservation Act (EECA) (increase)	Not financially material	Not financially material	Note	Note

Note - The anticipated financial effect cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.

d. Resilience

A climate-related scenario analysis was conducted for the Group to assess the potential impacts of climate-related risks, particularly extreme weather events and longer-term climate trends, across the Group's operations and locations. The analysis considered a range of future climate outcomes using RCP 2.6 and RCP 8.5, based on publicly available data from relevant climate hazard tools.

The scenario analysis was performed for the financial year ended 31 December 2025 and forms part of the Group's broader assessment of climate-related risks and opportunities under IFRS S2 Climate-related Disclosures. The Group reviews its climate-related scenario analysis annually or as and when significant new climate science, regulatory developments, or data are expected to materially affect the Group's exposure to climate-related risks.

i) Climate-related physical risks

Scenario 1: High physical risk (RCP 8.5)	Scenario 2: Lower physical risk (RCP 2.6)
<p>This scenario represents a future with greenhouse gas emissions remain high, likely leading to warming of 4°C by 2100. This scenario resulting in significant global warming and increasingly severe physical climate impacts.</p>	<p>This scenario reflects a future in which early, coordinated and stringent climate policies are implemented globally, resulting in rapid emissions reductions and limiting global temperature rise to well below 2°C, consistent with international climate goals.</p>

The results of physical risks scenario analysis summarised below:

Physical Risks							Operational Impact	Financial Impact	Risk Treatment Response
Hazard	RCP 8.5			RCP 2.6					
	20	2050	Result	2030	2050	Result			
Coastal Flooding	L to S	L to S	L: 82% M: 17% S: 1%	L to M	L to M	L: 99% M: 1% S: 0%	<ul style="list-style-type: none"> - Damage to crops (e.g. overripe harvest), inventory, infrastructure, estate roads, tools, and equipment. - Temporary disruption of access to operating sites. - Safety risks to employees and local communities. - Increased costs for repair or replacement of damaged assets. - Increased insurance costs. - Potential loss of tenants. 	<p>In short term, the financial impacts are considered to be not financially material and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Elevate flood-prone estate roads to reduce flood impact. - Regular maintenance of roads to ensure smooth crop transportation. - Installing more flood gates to control water flow into estates during rainy season. - Premature harvesting in flood-prone areas to minimize crop loss. - Flood/ peril insurance coverage for assets, tools, and equipment. - Develop and implement a flood adaptation plan. - Consider relocation of high-risk assets. - Enable employees to work from home if flooding affects office operations.
Prolonged Heatwave	L to M	L to M	L: 88% M: 12% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Potential discomfort to employees due to heat stress. - Reduced working efficiency and productivity of employees. - Overheating and potential breakdown of equipment. - Increased medical claims and health-related costs. - Increased utility consumption. - Potential impact on crop yields. 	<p>In short term, the financial impacts are considered to be not financially material and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Incorporate heatwave management into health and safety standard operating procedures (SOP). - Adjust work shifts for field workers to reduce heat exposure. - Install more fans and air conditioning units in work and office areas.

S = Significant risk; M = Moderate risk; L = Low risk

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Physical Risks									
Hazard	RCP 8.5			RCP 2.6			Operational Impact	Financial Impact	Risk Treatment Response
	2030	2050	Result	2030	2050	Result			
Water Stress	L to M	L to M	L: 95% M: 5% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Reduced availability of water may impact operations (e.g. hotels, retail outlets, offices, body & paint centres, service centres, and production plants). - Disruption to domestic water supply for office and operational needs. 	<p>In short term, it is not expected to have any impact.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Rationalize domestic water consumption during low rainfall periods. - Increase water storage capacity by upgrading existing tanks and procuring additional tanks and storage equipment. - Regularly monitor and maintain water tank condition. - Install rainwater harvesting systems for landscaping and car wash purposes. - Implement water efficiency measures across operations. - Install water treatment plants or processes to produce potable water for emergency use. - Request for external water supply support. - Utilize surface water to reduce dust on internal roads (e.g. in quarries).
Landslide	L to M	L to M	L: 99% M: 1% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Temporary disruption of access. - Damage to the road, infrastructure and planted area. - Non-compliance to safety regulation. 		<ul style="list-style-type: none"> - Maintain cover crops on hilly areas to reduce soil erosion. - Maintain planting terraces on slopes to stabilize the land. - Avoid planting oil palm on slopes exceeding 25 degrees. - Conduct monthly visual inspections of "at-risk" slopes and document findings along with planned mitigation measures.

S = Significant risk; M = Moderate risk; L = Low risk

ii) Climate-related transition risks

Scenario 1: Low transition risk (Stated Policies Scenario - STEPS)	Scenario 2: High transition risk (Net Zero Emission by 2050 – NZE2050)
This scenario represents a future with limited climate policy intervention, weak regulatory coordination, and continued reliance on carbon-intensive economic growth. Greenhouse gas emissions remain high, leading to an estimated global warming of 2.4°C by 2100 and increasingly severe physical climate impacts.	This scenario reflects a future in which early, coordinated and stringent climate policies are implemented globally, resulting in rapid emissions reductions and limiting global temperature rise to approximately 1.5°C, consistent with international climate goals.

The results of transition risks scenario analysis are summarised below:

Transition Risk						
Risk category	Risk Description	Time Horizon	STEPS	NZE2050	Financial Impact	Potential Mitigation Approach
Policy & Legal	Carbon tax	Medium term	M	S	In short term, the financial impacts are considered to be either not financially material or have no impact, and are not reasonably expected to materially affect the Group's prospects.	- To continue carbon reduction initiatives and utilization of renewable energy sources.
	EECA	Short to medium term	M	S		- Energy managers have been appointed for Menara Hap Seng. - A proposal to implement an energy reduction initiative at Menara Hap Seng has been submitted for the Energy Commission's Energy Audit Conditional Grant.
	EU's revised Renewable Energy Directive on biodiesel	Short term	S	S	In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.	- Maintaining relevant sustainability certifications for palm oil mills and estates to ensure compliance to new requirements.
	Enhancing use of biodiesel	Medium term	L	L		- The current truck models for sale and distribution are equipped with engines compatible with much higher biodiesel standards required by the market.
	Sustainability Compliance Cost	Short to long term	M	S		- To continue engaging with stakeholders on ensuring products and services are compliance to the required standards.
	Climate risk in commercial lending compliance	Medium term	L	L		- There is currently no ESG-related lending compliance requirement in the credit financing sector. To monitor policy developments to ensure timely alignment with any future regulations.

S = Significant risk; M = Moderate risk; L = Low risk

SUSTAINABILITY STATEMENT

Transition Risk						
Risk category	Risk Description	Time Horizon	STEPS	NZE2050	Financial Impact	Potential Mitigation Approach
Market	Change in consumer preferences	Long term	L	L	<p>In short term, the financial impacts are considered to be either not financially material or have no impact, and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Maintain relevant certifications on sustainable palm oil. - Develop certified green buildings to meet market demand. - Aside from EVs, passenger vehicle segment is offering fuel efficient vehicles to capture customer demand for environmentally friendly product.
Technology	Evolving technology in EV	Long term	L	L		<ul style="list-style-type: none"> - Monitor EV technological advancements, adopt a flexible and diversified product strategy, build strategic partnerships, and upskill capabilities to remain adaptable to evolving technology.
Reputation	Stakeholders' Sentiment	Medium to long term	L	L		<ul style="list-style-type: none"> - To meet stakeholders expectation on sustainability performance disclosures and implement cost-effective initiatives to reduce carbon emissions.

S = Significant risk; M = Moderate risk; L = Low risk

Based on the outcomes of the scenario analysis, the Group considers its current strategy and business model to be resilient to identified climate-related risks in the short term. In the short term, the financial impacts arising from climate-related physical and transition risks either have no impact on or are not expected to materially affect the Group.

While the anticipated financial impact for climate-related physical and transition risks in the medium and long term cannot be reliably estimated, the assessment indicates that the Group's physical climate risks over the medium and long term are generally low to moderate, with only a small proportion of premises exposed to significant risks. Coastal flooding represents the most notable hazard, particularly under the higher-emission scenario, while other hazards such as extreme heat, water stress and landslides are mostly identified as low risk. With the implementation of carbon reduction initiatives, compliance to sustainability-related certifications and utilization of renewable energy sources, the identified transition risks are expected to remain within a manageable level.

The Group will continue to refine its climate scenario analysis and enhance its assessment of climate-related risks and opportunities as methodologies, data availability and regulatory expectations evolve.

10 METRICS AND TARGETS

	2023	2024	2025	Targets	Remarks
Scope 1 (t CO ₂ -e)	145,113	189,794	181,706	Year-on-year absolute or intensity reduction	The Group
Scope 2 (t CO ₂ -e)	19,694	57,083	62,033	Year-on-year absolute or intensity reduction	The Group
Total energy consumed (GJ)	2,321,382	3,505,539	3,368,743	Year-on-year absolute or intensity reduction	The Group
Total water consumed (m ³)	1,750,236	2,303,708	2,940,405	Year-on-year absolute or intensity reduction	The Group
Gross global Scope 1 emissions (t CO ₂ -e)	132,948	113,668	102,918	Year-on-year absolute or intensity reduction	Plantation division
Fleet fuel consumed (GJ)	204,680	202,503	179,364	-	Plantation division
Percentage fleet fuel renewable (%)	7.0	7.0	7.0	-	Plantation division
Operational energy consumed (GJ)	1,650,983	1,704,978	1,595,762	-	Plantation division
Percentage energy from grid electricity (%)	0.06	0.05	0.06	-	Plantation division
Percentage energy from renewable energy (%)	94.6	94.6	93.7	-	Plantation division
Total water withdrawn (m ³)	1,969,925	2,586,319	2,212,583	-	Plantation division
Percentage withdrawn in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	0.0	-	Plantation division
Total water consumed (m ³)	1,152,770	1,856,485	1,679,540	Year-on-year absolute or intensity reduction	Plantation division
Percentage consumed in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	0.0	-	Plantation division

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	2023	2024	2025	Targets	Remarks
Number of incidents of non compliance associated with water quality permits, standards and regulations	0	0	0	-	Plantation division
Number of lots delivered in regions with High or Extremely High Baseline Water Stress	-	-	0	-	Property division
Number homes delivered in regions with High or Extremely High Baseline Water Stress	-	-	0	-	Property division
Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector (%)	-	-	0.0	-	Property division
Total energy consumed (GJ)	20,047	21,566	59,842	Year-on-year absolute or intensity reduction	Property division (Hospitality segment)
Percentage energy from grid electricity (%)	99.6	99.5	99.8	-	Property division (Hospitality segment)
Percentage energy from renewable energy (%)	0.013	0.009	0.002	-	Property division (Hospitality segment)
Total water withdrawn (m ³)	43,812	51,369	122,585	-	Property division (Hospitality segment)
Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Property division (Hospitality segment)
Total water consumed (m ³)	43,812	51,369	122,585	Year-on-year absolute or intensity reduction	Property division (Hospitality segment)
Percentage water consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Property division (Hospitality segment)
Total energy consumed (GJ)	28,658	28,174	27,456	Year-on-year absolute or intensity reduction	Automotive division

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	2023	2024	2025	Targets	Remarks
Percentage energy from grid electricity (%)	61.1	58.8	49.6	-	Automotive division
Percentage energy from renewable energy (%)	14.7	19.2	31.3	-	Automotive division
Gross global Scope 1 emissions (t CO ₂ -e)	122	246	196	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage gross global Scope 1 emissions covered under emissions limiting regulations (%)	0.0	0.0	0.0	-	Trading division (Fertilizer trading segment)
Total energy consumed (GJ)	3,982	6,497	6,055	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage energy from grid electricity (%)	55.0	43.9	52.0	-	Trading division (Fertilizer trading segment)
Percentage energy from renewable energy (%)	2.2	3.1	2.6	-	Trading division (Fertilizer trading segment)
Total self-generated energy (GJ)	-	-	0.0	-	Trading division (Fertilizer trading segment)
Total water withdrawn (m ³)	15,147	16,962	12,173	-	Trading division (Fertilizer trading segment)
Percentage withdrawn in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	2.1	-	Trading division (Fertilizer trading segment)
Total water consumed (m ³)	15,147	16,960	12,173	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	2.1	-	Trading division (Fertilizer trading segment)
Number of incidents of non-compliance associated with water quality permits, standards and regulations	0	0	0	-	Trading division (Fertilizer trading segment)

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	2023	2024	2025	Targets	Remarks
Gross global Scope 1 emissions (t CO ₂ -e)	10,450	4,678	2,155	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage gross global Scope 1 emissions covered under emissions limiting regulations (%)	0.0	0.0	0.0	-	Bulding Materials division (Quarry segment)
Total energy consumed (GJ)	350,484	236,990	90,531	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage energy from grid electricity (%)	10.5	12.4	21.6	-	Bulding Materials division (Quarry segment)
Percentage energy from alternative sources (%)	0.0	0.0	0.0	-	Bulding Materials division (Quarry segment)
Percentage energy from renewable energy (%)	48.5	61.0	45.8	-	Bulding Materials division (Quarry segment)
Total water withdrawn (m ³)	183,181	141,853	126,280	-	Bulding Materials division (Quarry segment)
Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Bulding Materials division (Quarry segment)
Total water consumed (m ³)	183,181	141,853	126,280	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage water consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Bulding Materials division (Quarry segment)
Total energy consumed (GJ)	-	1,238,325	1,342,540	Year-on-year absolute or intensity reduction	Bulding Materials division (Hafary)
Percentage energy from grid electricity (%)	-	15.2	15.6	-	Bulding Materials division (Hafary)
Percentage energy from renewable energy (%)	-	0.47	0.50	-	Bulding Materials division (Hafary)

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The reduction in the Group's scope 1 GHG emission was primarily driven by lower emissions across most business divisions, resulting from reduced operational activity, business rationalisation, and increased use of renewable energy. These factors also contributed to a decrease in total energy consumption for the Group. However, scope 2 emission increased mainly due to higher electricity consumption from ICMH 2 following Hafary's operational takeover in Q2 2024, as well as the inclusion of energy consumption from The Weld, project development site offices and sales galleries within the Property divisions.

The increase in water consumption was mainly driven by higher usage in the Hospitality segment, due to the addition of two new hotels, as well as increased consumption from Hafary compared to the preceding year. Underground water leakage incidents at General Trading Tawau and the Kukusan quarry also contributed to the increase in water consumption.

The disclosed climate-related metrics are monitored by management and used to support decision-making on operational improvements, energy efficiency initiatives and capital investments aimed at reducing emissions and enhancing climate resilience.

The Group has established an initial climate-related target to achieve a year-on-year reduction in certain climate related metrics. This target is intended to support continuous improvement in operational efficiency across the Group's operations. The Group will progressively refine its targets as its data quality, measurement methodologies and transition planning capabilities mature.

STATEMENT OF ASSURANCE

To enhance the credibility of the Sustainability Statement in the FY2025 Annual Report, the following indicators were subjected to an internal review by the Company's internal auditors. The review results were approved by the Audit Committee of Hap Seng Consolidated Berhad.

Subject Matter

The subject matters covered by the internal review included the following sustainability matters and indicators:

No	Sustainability Matters	Indicators
1.	Energy	• Total energy consumption.
2.	Emission Management	• Scope 1 emissions in tonnes of CO ₂ e. • Scope 2 emissions in tonnes of CO ₂ e.

Scope

The scope of the internal review encompassed six core business divisions of Hap Seng Consolidated Berhad, namely plantation, property, credit financing, automotive, trading, and building materials, across its operations in Malaysia, Singapore, Indonesia, China, and the United Kingdom.

PRESCRIBED TABLE

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change and Greenhouse Gas Emissions	Scope 1 emissions	Metric tonnes (t) CO ₂ -e	181,706	Year-on-year absolute or intensity reduction	Internal	The Group
Climate Change and Greenhouse Gas Emissions	Scope 2 emissions	Metric tonnes (t) CO ₂ -e	62,033	Year-on-year absolute or intensity reduction	Internal	The Group
Energy Management	Total energy consumed	Gigajoules (GJ)	3,368,743	Year-on-year absolute or intensity reduction	Internal	The Group
Water Management	Total water consumed	Cubic meters (m ³)	2,940,405	Year-on-year absolute or intensity reduction	No assurance	The Group
Climate Change and Greenhouse Gas Emissions	SASB FB-AG-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	102,918	Year-on-year absolute or intensity reduction	Internal	Plantation division
Energy Management	SASB FB-AG-110a.3 Fleet fuel consumed	Gigajoules (GJ)	179,364	—	Internal	Plantation division
Energy Management	SASB FB-AG-110a.3 Percentage fleet fuel renewable	Percentage (%)	7	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Operational energy consumed	Gigajoules (GJ)	1,595,762	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Percentage energy from grid electricity	Percentage (%)	0.06	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Percentage energy from renewable energy	Percentage (%)	93.7	—	Internal	Plantation division
Water Management	SASB FB-AG-140a.1 Total water withdrawn	Cubic meters (m ³)	2,212,583	—	No assurance	Plantation division
Water Management	SASB FB-AG-140a.1 Percentage withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Plantation division

PRESCRIBED TABLE

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FYE 31/12/2025

Hap Seng Consolidated Berhad
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Water Management	SASB FB-AG-140a.1 Total water consumed	Cubic meters (m ³)	1,679,540	Year-on-year absolute or intensity reduction	No assurance	Plantation division
Water Management	SASB FB-AG-140a.1 Percentage consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Plantation division
Water Management	SASB FB-AG-140a.3 Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	—	No assurance	Plantation division
Climate Change and Greenhouse Gas Emissions	SASB IF-HB-160a.2 Number of lots delivered in regions with High or Extremely High Baseline Water Stress	Number	0	—	No assurance	Property division
Climate Change and Greenhouse Gas Emissions	SASB IF-HB-160a.2 Number of homes delivered in regions with High or Extremely High Baseline Water Stress	Number	0	—	No assurance	Property division
Energy Management	SASB IF-RE-130a.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector	Percentage (%) by floor area	0	—	No assurance	Property division
Energy Management	SASB SV-HL-130a.1 Total energy consumed	Gigajoules (GJ)	59,842	Year-on-year absolute or intensity reduction	Internal	Property division (Hospitality segment)
Energy Management	SASB SV-HL-130a.1 Percentage energy from grid electricity	Percentage (%)	99.8	—	Internal	Property division (Hospitality segment)
Energy Management	SASB SV-HL-130a.1 Percentage energy from renewable energy	Percentage (%)	0.002	—	Internal	Property division (Hospitality segment)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Water Management	SASB SV-HL-140a.1 Total water withdrawn	Cubic meters (m ³)	122,585	—	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Total water consumed	Cubic meters (m ³)	122,585	Year-on-year absolute or intensity reduction	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Property division (Hospitality segment)
Energy Management	SASB CG-MR-130a.1 Total energy consumed	Gigajoules (G.J)	27,456	Year-on-year absolute or intensity reduction	Internal	Automotive division
Energy Management	SASB CG-MR-130a.1 Percentage energy from grid electricity	Percentage (%)	49.6	—	Internal	Automotive division
Energy Management	SASB CG-MR-130a.1 Percentage energy from renewable energy	Percentage (%)	31.3	—	Internal	Automotive division
Climate Change and Greenhouse Gas Emissions	SASB RT-CH-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	196	Year-on-year absolute or intensity reduction	Internal	Trading division (Fertilizer trading segment)
Climate Change and Greenhouse Gas Emissions	SASB RT-CH-110a.1 Percentage gross global Scope 1 emissions covered under emissions limiting regulations	Percentage (%)	0	—	No assurance	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Total energy consumed	Gigajoules (G.J)	6,055	Year-on-year absolute or intensity reduction	Internal	Trading division (Fertilizer trading segment)

PRESCRIBED TABLE

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Hap Seng Consolidated Berhad
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	SASB RT-CH-130a.1 Percentage energy from grid electricity	Percentage (%)	52	—	Internal	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Percentage energy from renewable energy	Percentage (%)	2.6	—	Internal	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Total self-generated energy	Gigajoules (GJ)	0	—	Internal	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Total water withdrawn	Cubic meters (m3)	12,173	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	2.1	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Total water consumed	Cubic meters (m3)	12,173	Year-on-year absolute or intensity reduction	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	2.1	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	—	No assurance	Trading division (Fertilizer trading segment)
Climate Change and Greenhouse Gas Emissions	SASB EM-CM-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	2,155	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Quarry segment)
Climate Change and Greenhouse Gas Emissions	SASB EM-CM-110a.1 Percentage gross global Scope 1 emissions covered under emissions limiting regulations	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	SASB EM-CM-130a.1 Total energy consumed	Gigajoules (GJ)	90,531	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from grid electricity	Percentage (%)	21.6	—	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from alternative sources	Percentage (%)	0	—	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from renewable energy	Percentage (%)	45.8	—	Internal	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Total water withdrawn	Cubic meters (m ³)	126,280	—	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Total water consumed	Cubic meters (m ³)	126,280	Year-on-year absolute or intensity reduction	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Total energy consumed	Gigajoules (GJ)	1,342,540	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Hafary)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Percentage energy from grid electricity	Percentage (%)	15.6	—	Internal	Building Materials division (Hafary)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Percentage energy from renewable energy	Percentage (%)	0.5	—	Internal	Building Materials division (Hafary)

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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 2025 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 2025.

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 2025 are as follows:

	Group RM'000	Company RM'000
Profit before tax	855,390	671,762
Tax expense	(269,534)	(22)
Profit for the year	585,856	671,740
Attributable to:		
Owners of the Company	500,323	671,740
Non-controlling interests	85,533	-
Profit for the year	585,856	671,740

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.

TREASURY SHARES

At the annual general meeting of the Company held on 28 May 2025, 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 2025, 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 2025:	
- First interim dividend of 10 sen per ordinary share under the single tier system approved by the Board of Directors on 28 May 2025 and paid on 25 June 2025	248,967
- Second interim dividend of 10 sen per ordinary share under the single tier system approved by the Board of Directors on 20 November 2025 and paid on 18 December 2025	248,967
	497,934

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2025.

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
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:

Au Yong Siew Fah
Azman Bin Haji Ibrahim
Cheong Shan Shi
Chong Kwea Seng
Choy Khai Choon
Darell Lim Chee Lek
Dato' John Chee Shi Tong
Dato' Mohammed Bin Haji Che Hussein
Datuk Hamisa Binti Samat
Eugene Lee Chin Jin
Foo Yong How
Khor Soo Beng
Lee Yee Fei
Lim Wah Fung
Low Kok Ann
Low See Ching
Ng Hock Hooi
Pang Min Hiung
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
Tong Chin Hen
Voon Thau Vui
Yap Chai Soon

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)

Chong Chee Wooi	(Appointed on 8 May 2025)
Lim Chee Long	(Appointed on 2 July 2025)
Lee Weng Yew	(Appointed on 18 August 2025)
Joanne Wendy Chung	(Resigned on 13 June 2025)
Thai Chong Yim	(Resigned on 2 July 2025)
Nur Farahin Binti Ja'afar	(Resigned on 9 October 2025)
Andrew Talling	(Resigned on 31 December 2025)

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 31.12.2025
	As at 1.1.2025	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	1,154	840
Other emoluments	6,885	5,985
Benefits-in-kind	103	103
	8,142	6,928

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.

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 RM1,220,000 and RM230,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2026.

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 126 to 253 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 2025 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 21 April 2026.

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 126 to 253 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 21 April 2026.

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 2025 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 126 to 253.

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 2025, 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 2025, the carrying amount of investment properties of the Group is approximately RM3,257 million, which represented 26% 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 gain from changes in fair value of approximately RM24 million for the financial year ended 31 December 2025 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.

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 RM514 million and RM904 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 2025, the Group has recognised approximately RM5 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 2025, the carrying amount of the investment in subsidiaries of the Company amounted to approximately RM6,046 million, representing 99% and 97% 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 costs of disposal ("FVLCD") or its value-in-use ("VIU"). For FVLCD 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 the component team and the independent professional 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. 03176/05/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current assets					
Property, plant and equipment	4	4,930,005	4,872,494	100	142
Investment properties	5	3,256,668	2,977,669	-	-
Investment in subsidiaries	6	-	-	6,046,230	6,166,399
Investment in associates	7	488,391	500,431	67,598	68,955
Investment in joint ventures	8	5,374	3,285	-	-
Land held for property development	9	2,811,190	2,606,067	-	-
Intangible assets	10	60,192	63,364	-	-
Trade and other receivables	11	875,705	1,034,728	-	-
Other financial assets	12	716	933	-	-
Deferred tax assets	24	34,561	44,147	-	-
		12,462,802	12,103,118	6,113,928	6,235,496
Current assets					
Inventories	13	1,479,755	1,485,319	-	-
Property development costs	14	449,625	302,360	-	-
Biological assets	15	34,013	64,623	-	-
Trade and other receivables	11	1,030,966	1,317,147	448	435
Contract assets	16	2,549	15,183	-	-
Tax recoverable		75,968	92,945	1,906	1,192
Other financial assets	12	628	5,066	-	-
Money market deposits	17	1,382,835	1,769,613	85,587	246,662
Cash and bank balances	18	1,753,676	1,880,151	9,007	5,357
		6,210,015	6,932,407	96,948	253,646
Total assets		18,672,817	19,035,525	6,210,876	6,489,142

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 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	4,417,986	4,459,534	2,688,219	2,514,413
		7,937,540	7,979,088	6,207,773	6,033,967
Less: Treasury shares	25	(113)	(113)	(113)	(113)
		7,937,427	7,978,975	6,207,660	6,033,854
Non-controlling interests	6(a)	1,447,716	1,441,236	-	-
Total equity		9,385,143	9,420,211	6,207,660	6,033,854
Non-current liabilities					
Trade and other payables	19	24,902	22,730	-	449,710
Employee benefits	21	983	1,078	-	-
Borrowings	22	4,776,368	4,794,407	-	-
Lease liabilities	23	111,886	109,238	10	-
Other financial liabilities	12	32,875	17,108	-	-
Deferred tax liabilities	24	489,269	498,993	3	4
		5,436,283	5,443,554	13	449,714
Current liabilities					
Trade and other payables	19	1,227,353	1,294,267	3,186	5,564
Contract liabilities	16	26,811	98,464	-	-
Provisions	20	368,489	356,610	-	-
Tax payable		42,401	38,405	-	-
Borrowings	22	2,157,001	2,362,385	-	-
Lease liabilities	23	23,959	20,801	17	10
Other financial liabilities	12	5,377	828	-	-
		3,851,391	4,171,760	3,203	5,574
Total liabilities		9,287,674	9,615,314	3,216	455,288
Total equity and liabilities		18,672,817	19,035,525	6,210,876	6,489,142

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	27	5,107,149	5,630,715	707,973	697,461
Cost of sales	27	(3,436,300)	(3,786,353)	-	-
Gross profit		1,670,849	1,844,362	707,973	697,461
Other operating income		233,362	261,123	5,655	12,093
Distribution costs		(304,849)	(308,341)	-	-
Administrative expenses		(369,473)	(353,859)	(21,444)	(24,376)
Other operating expenses		(193,337)	(172,134)	(8,000)	(9,313)
		1,036,552	1,271,151	684,184	675,865
Finance costs	28	(196,989)	(183,941)	(6,002)	(23,381)
Other gain items	29	-	-	-	13,279
Other loss items	29	(16,636)	(11,137)	(6,420)	(7,416)
Share of results of associates	7	29,983	26,410	-	-
Share of results of joint ventures	8	2,480	2,683	-	-
Profit before tax	30	855,390	1,105,166	671,762	658,347
Tax expense	33	(269,534)	(333,150)	(22)	(881)
Profit for the year		585,856	772,016	671,740	657,466
Profit attributable to:					
Owners of the Company		500,323	650,480	671,740	657,466
Non-controlling interests	6(a)	85,533	121,536	-	-
		585,856	772,016	671,740	657,466
Earnings per share (sen)					
Basic	34	20.10	26.13		

The accompanying notes form an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the year	585,856	772,016	671,740	657,466
Other comprehensive loss, net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(49,076)	(48,464)	-	-
Share of foreign currency translation differences of:				
- associates	(10,826)	(984)	-	-
- joint ventures	(391)	(192)	-	-
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	632	-	-
Change in fair value of cash flow hedge	3,708	(6,867)	-	-
	(56,585)	(55,875)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement gain/(loss) on defined benefit liability	21	(134)	-	-
	21	(134)	-	-
Total other comprehensive loss for the year, net of tax	(56,564)	(56,009)	-	-
Total comprehensive income for the year, net of tax	529,292	716,007	671,740	657,466
Total comprehensive income attributable to:				
Owners of the Company	456,979	609,194	671,740	657,466
Non-controlling interests	72,313	106,813	-	-
	529,292	716,007	671,740	657,466

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	← 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 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)			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	← 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 2025	3,519,554	118,728	4,340,806	4,459,534	(113)	7,978,975	1,441,236	9,420,211
Profit for the year	-	-	500,323	500,323	-	500,323	85,533	585,856
Foreign currency translation differences for foreign operations	-	(39,954)	-	(39,954)	-	(39,954)	(9,122)	(49,076)
Share of foreign currency translation differences of:								
- associates	-	(6,920)	-	(6,920)	-	(6,920)	(3,906)	(10,826)
- joint ventures	-	(199)	-	(199)	-	(199)	(192)	(391)
Change in fair value of cash flow hedge	-	3,708	-	3,708	-	3,708	-	3,708
Remeasurement gain on defined benefit liability (Note 21)	-	-	21	21	-	21	-	21
Total other comprehensive loss for the year	-	(43,365)	21	(43,344)	-	(43,344)	(13,220)	(56,564)
Total comprehensive income for the year	-	(43,365)	500,344	456,979	-	456,979	72,313	529,292
Transfer to retained profits	-	18,727	(18,727)	-	-	-	-	-
Changes in ownership interest in subsidiaries (Note 6 (d))	-	-	(593)	(593)	-	(593)	292	(301)
Dividends (Note 35)	-	-	(497,934)	(497,934)	-	(497,934)	-	(497,934)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(66,125)	(66,125)
At 31 December 2025	3,519,554	94,090	4,323,896	4,417,986	(113)	7,937,427	1,447,716	9,385,143
	Note 25(a)			Note 26	Note 25(b)			

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RM'000	Reserves Distributable Retained profits RM'000	Treasury shares RM'000	Total equity RM'000
Company				
At 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 2024/1 January 2025	3,519,554	2,514,413	(113)	6,033,854
Profit for the year	-	671,740	-	671,740
Dividends (Note 35)	-	(497,934)	-	(497,934)
At 31 December 2025	3,519,554	2,688,219	(113)	6,207,660
	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 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities				
Profit before tax	855,390	1,105,166	671,762	658,347
Adjustments for:				
Depreciation of property, plant and equipment	227,127	210,195	90	93
Amortisation of intangible assets	2,222	2,928	-	-
Property, plant and equipment written off	1,375	2,630	-	-
Investment properties written off	266	203	-	-
Bad debts written off	1,330	149	-	-
Employee benefits	54	(379)	-	-
Loss on equity investment at fair value through profit or loss	177	309	-	-
Loss on modification of lease	1,544	245	-	-
Net (gain)/loss from fair value adjustments of investment properties	(23,749)	31,957	-	-
Net loss/(gain) from fair value adjustments of biological assets	30,610	(44,190)	-	-
Gain on money market deposits at fair value	(51,884)	(44,258)	(3,292)	(8,069)
Impairment loss on:				
- investment in associates	16,636	10,505	1,357	2,035
- investment in subsidiaries	-	-	5,063	5,381
- property, plant and equipment	3,165	1,173	-	-
- intangible assets	-	2,952	-	-
- trade receivables	5,815	9,252	-	-
- net investment in lease	-	356	-	-
Net inventories written down/(net reversal of inventories written down)	2,075	(28,592)	-	-
Reversal of provisions	(11,337)	(604)	-	-
Reversal of impairment loss on trade receivables	(1,303)	(1,998)	-	-
Loss on disposal of a subsidiary	-	632	-	-
Gain on disposal of equity interest in a subsidiary	-	-	-	(13,279)
Gain on remeasurement of a joint venture to a subsidiary (Note 6(b))	-	(1,497)	-	-
(Gain)/loss on disposal of property, plant and equipment	(4,355)	1,158	(76)	-
Gain on disposal of investment properties	(2,100)	(11,827)	-	-
Interest expense	196,989	183,941	6,002	23,381
Interest income	(69,122)	(65,459)	(2,191)	(3,624)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (continued)				
Dividend income	(5,278)	(10,201)	(708,067)	(697,816)
Share of results of associates	(29,983)	(26,410)	-	-
Share of results of joint ventures	(2,480)	(2,683)	-	-
Negative goodwill arising from bargain purchase (Note 6(b))	-	(1,739)	-	-
Unrealised foreign exchange (gain)/loss	(1,434)	12,039	(984)	9,237
	1,141,750	1,335,953	(30,336)	(24,314)
Changes in working capital:				
Inventories	(24,784)	125,763	-	-
Property development costs	(142,762)	(16,648)	-	-
Loan receivables	260,991	253,910	-	-
Receivables	153,377	(39,092)	(13)	(1)
Contract assets	12,634	(1,911)	-	-
Payables	(58,976)	(108,571)	(450,298)	(81,666)
Contract liabilities	(71,653)	(14,891)	-	-
Provisions	23,356	38,084	-	-
Cash flows generated from/(used in) operations	1,293,933	1,572,597	(480,647)	(105,981)
Income tax paid	(280,990)	(304,632)	(756)	(1,756)
Income tax refunded	33,390	11,308	19	-
Interest paid	(335,066)	(317,866)	(7,240)	(23,729)
Interest received	66,664	63,461	1,639	3,624
Net changes in land held for property development	(103,136)	(61,539)	-	-
Net cash flows generated from/(used in) operating activities	674,795	963,329	(486,985)	(127,842)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	55,641	29,859	76	-
Proceeds from disposal of investment properties	11,050	25,868	-	-
Proceeds from disposal of interest in a subsidiary (Note 6(d)(ii) and 6(e)(iii))	-	300	-	27,379
Disposal of a subsidiary (Note 6(c))	-	310	-	-
Dividends received from subsidiaries	-	-	704,202	692,744

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities (continued)				
Dividends received from associates	14,561	15,285	3,771	4,717
Dividends received from money market deposits	5,278	10,201	94	355
Purchase of property, plant and equipment	(327,909)	(521,883)	(13)	-
Acquisition of shares from non-controlling interests (Note 6(d)(i))	(301)	(15,771)	-	-
Additions to investment properties	(225,640)	(168,139)	-	-
Decrease/(increase) in money market deposits	439,788	(577,557)	165,493	111,154
Increase in investment in subsidiaries (Note 6(e)(i))	-	-	(31,000)	(492,000)
Capital reduction in subsidiaries (Note 6(e)(ii))	-	-	146,106	199,639
Net cash flows (used in)/generated from investing activities	(27,532)	(1,201,527)	988,729	543,988
Cash flows from financing activities				
Dividends paid	(497,934)	(497,934)	(497,934)	(497,934)
Dividends paid to non-controlling interests	(66,125)	(59,056)	-	-
Net (repayment)/drawdown of borrowings (Note 22(c))	(171,742)	431,851	-	-
Payment of lease liabilities (Note 22(c))	(27,438)	(28,281)	(18)	(17)
Net cash flows used in financing activities	(763,239)	(153,420)	(497,952)	(497,951)
Net (decrease)/increase in cash and cash equivalents	(115,976)	(391,618)	3,792	(81,805)
Effects on exchange rate changes on cash and cash equivalents	(10,499)	(2,614)	(142)	(10,486)
Cash and cash equivalents as at 1 January	1,880,151	2,274,383	5,357	97,648
Cash and cash equivalents as at 31 December (Note 18)	1,753,676	1,880,151	9,007	5,357

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 21 April 2026.

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 amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability that are mandatory for annual periods beginning on or after 1 January 2025. The adoption of these amendments have no significant impact to the financial statements of the Group and of the Company.

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 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 121, The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency	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, where applicable, 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

31 DECEMBER 2025

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 independent professional 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.

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 independent professional valuers. IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(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.

(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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 defect 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.

(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 over time 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue and other income (continued)

(a) Revenue from contracts with customers (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

31 DECEMBER 2025

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.

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 of disposal ["FVLCD"] and value-in-use ["VIU"] methods.

For recoverable amounts determined based on FVLCD, 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 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 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.

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 Notes 4, 6 and 7.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(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).

(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 professional valuers 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(e) Provision of expected credit loss of trade and other receivables (continued)

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.

(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. The carrying amounts of deferred tax assets recognised by the Group are disclosed in Note 24.

(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 RM9,957,000 (2024: RM11,141,000).

The carrying amount of the Group's completed property units as at reporting date is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 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/ At 1 January 2025	332,156	1,913,030	386,616	1,186,184	529,711	646,993	1,927,400	6,922,090
Additions	-	6,588	1,726	49,629	243,429	41,452	40,660	383,484
Reclassifications	-	602,172	1,485	137,279	(740,936)	-	-	-
Transfer to investment properties (Note 5)	(2,762)	(7,299)	-	-	-	-	(2,005)	(12,066)
Modifications	-	-	-	-	-	-	(1,930)	(1,930)
Derecognition	-	-	-	-	-	-	(29,131)	(29,131)
Disposals	(10,533)	(30,328)	-	(122,322)	-	-	(502)	(163,685)
Written off	-	(8,288)	(1,106)	(15,172)	-	(12,117)	-	(36,683)
Exchange differences	-	(16,767)	-	(4,163)	-	-	(23,675)	(44,605)
At 31 December 2025	318,861	2,459,108	388,721	1,231,435	32,204	676,328	1,910,817	7,017,474

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

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 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/ At 1 January 2025	-	463,832	179,707	712,428	-	334,096	359,533	2,049,596
Depreciation for the year (Note 30)	-	52,256	17,165	86,320	-	18,819	52,567	227,127
Impairment loss for the year	387	-	-	2,778	-	-	-	3,165
Modifications	-	-	-	-	-	-	(1,428)	(1,428)
Derecognition	-	-	-	-	-	-	(29,131)	(29,131)
Disposals	-	(8,157)	-	(104,092)	-	-	(150)	(112,399)
Written off	-	(8,212)	(1,106)	(13,873)	-	(12,117)	-	(35,308)
Exchange differences	-	(5,988)	-	(3,042)	-	-	(5,123)	(14,153)
At 31 December 2025	387	493,731	195,766	680,519	-	340,798	376,268	2,087,469
Net carrying amount								
At 31 December 2024	332,156	1,449,198	206,909	473,756	529,711	312,897	1,567,867	4,872,494
At 31 December 2025	318,474	1,965,377	192,955	550,916	32,204	335,530	1,534,549	4,930,005

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 RM383,484,000 (2024: RM580,996,000) which are satisfied by the following:

	Group	
	2025 RM'000	2024 RM'000
Cash payments on purchase of property, plant and equipment	327,909	521,883
Additions of right-of-use assets by way of lease commitment	40,079	28,934
Finance by way of lease arrangement	-	1,565
Interest expense capitalised (Note 28)	15,496	28,614
	383,484	580,996

- (b) During the financial year, as part of an internal operational review, certain subsidiaries carried out reviews of the recoverable amounts of their property, plant and equipment due to indication of impairment. 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 RM3,165,000 (2024: RM1,173,000) on the basis that the carrying amounts exceeded recoverable amounts based on the FVLCD method or VIU method.

The changes in fair value or VIU would have resulted in an additional higher or lower impairment for the corresponding amount.

- (c) Buildings amounting to RM230,662,000 (2024: RM254,789,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

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 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 January 2025	1,017,422	441,549	72,012	34,671	15	2,198	1,567,867
Additions	581	-	8,948	30,373	313	445	40,660
Depreciation for the year	(15,864)	(10,030)	(4,436)	(20,255)	(102)	(1,880)	(52,567)
Transfer to investment properties	(2,005)	-	-	-	-	-	(2,005)
Modifications	-	-	-	(487)	-	(15)	(502)
Disposals	(352)	-	-	-	-	-	(352)
Exchange differences	-	(17,235)	(1,401)	89	-	(5)	(18,552)
At 31 December 2025	999,782	414,284	75,123	44,391	226	743	1,534,549

- (i) The title of the Group's leasehold land with carrying amount of RM27,445,000 (2024: RM27,910,000) 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 RM63,093,000 (2024: RM63,963,000) as disclosed in Note 39(a).
- (iii) Prepaid lease payments amounting to RM348,858,000 (2024: RM369,062,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Plant and equipment RM'000	Right-of-use assets - buildings RM'000	Total RM'000
Company				
At cost				
At 1 January 2024/ 31 December 2024/ 1 January 2025	187	3,202	32	3,421
Additions	-	13	35	48
Disposals	-	(442)	-	(442)
At 31 December 2025	187	2,773	67	3,027
Accumulated depreciation				
At 1 January 2024	187	2,992	7	3,186
Depreciation for the year (Note 30)	-	77	16	93
At 31 December 2024/1 January 2025	187	3,069	23	3,279
Depreciation for the year (Note 30)	-	73	17	90
Disposals	-	(442)	-	(442)
At 31 December 2025	187	2,700	40	2,927
Net carrying amount				
At 31 December 2024	-	133	9	142
At 31 December 2025	-	73	27	100

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM48,000 (2024: Nil) which are satisfied by the following:

	Company	
	2025 RM'000	2024 RM'000
Cash payments on purchase of property, plant and equipment	13	-
Additions of right-of-use assets by way of lease commitment	35	-
	48	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 for long term capital appreciation.

	Completed investment properties RM'000	IPUC RM'000	Total RM'000
Group			
At 1 January 2024	2,073,879	701,132	2,775,011
Additions	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 2024/1 January 2025	2,083,086	894,583	2,977,669
Additions	19,002	239,835	258,837
Transfer from property, plant and equipment (Note 4)	12,066	-	12,066
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 30)	27,147	(3,398)	23,749
Disposals	(8,950)	-	(8,950)
Written off	(266)	-	(266)
Derecognition	(3,242)	-	(3,242)
Reclassification	51,120	(51,120)	-
Exchange differences	(3,195)	-	(3,195)
At 31 December 2025	2,176,768	1,079,900	3,256,668
		2025 RM'000	2024 RM'000
Represented by:			
Freehold land and buildings		2,283,067	2,019,857
Right-of-use assets – Long term leasehold land and buildings		973,601	957,812
		3,256,668	2,977,669

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

5. INVESTMENT PROPERTIES (CONTINUED)

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 RM81,462,000 (2024: RM84,278,000) were pledged as security for borrowings obtained by foreign subsidiaries as disclosed in Note 22.

Rental income 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 RM33,197,000 (2024: RM26,536,000) as disclosed in Note 28.

The fair value of investment properties was determined based on valuations performed by independent professional 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.

(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:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

5. INVESTMENT PROPERTIES (CONTINUED)

(c) Investment method (continued)

Significant unobservable inputs	Range	
	2025	2024
Estimated rental value per square foot per month	RM1.46 - RM21.85	RM1.20 - RM21.80
Discount rate	4.50% - 6.00%	5.00% - 6.00%
Reversionary rate	4.75% - 6.50%	5.50% - 6.25%

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 gain from fair value adjustments amounting to RM23,749,000 (2024: Net loss of RM31,957,000).

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2025	2024
	RM'000	RM'000
Quoted shares in Malaysia, at cost	1,089,246	1,089,246
Unquoted shares, at cost		
- In Malaysia	5,030,628	5,145,734
- Outside Malaysia	150,204	150,204
	5,180,832	5,295,938
	6,270,078	6,385,184
Less: Impairment losses – unquoted shares	(223,848)	(218,785)
	6,046,230	6,166,399
Market value of quoted shares	1,206,537	1,106,456

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31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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 Malaysia	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
31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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:				
* Sunhill Ventures Sdn Bhd	Operating hotel	Malaysia	100	100
* Sunrise Spring Sdn Bhd	Operating hotel	Malaysia	100	100
* Trio Sunrise 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 (Balakong) 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
31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
Held by HSLD: (continued)				
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
Sierra Positive Sdn Bhd	Property development	Malaysia	100	70
Sunpoint Resources Sdn Bhd	Property development	Malaysia	100	100
Suria Kapital Development Sdn Bhd	Property development	Malaysia	80	80
KL Midtown Sdn Bhd	Property development	Malaysia	70	70
Hap Seng Land Development and JCA Sdn Bhd	Property development	Malaysia	60	60
Hap Seng Construction Sdn Bhd	Construction activities	Malaysia	100	100
* 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	100
* Sunrise Westland Sdn Bhd	Operating of water theme park	Malaysia	100	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
Held by HSLD: (continued)				
+ Hap Seng Land Development (JTR) Sdn Bhd	In liquidation	Malaysia	100	100
+ Hap Seng Land Development (JTR 2) Sdn Bhd	In liquidation	Malaysia	100	100
+ Hap Seng Land Development (PJ) Sdn Bhd	In liquidation	Malaysia	100	100
+ Hap Seng Land Development (Bangsar) Sdn Bhd	In liquidation	Malaysia	80	80
+ Positive Tropical Sdn Bhd	Striking off	Malaysia	100	100
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

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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

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31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
Held by HSC International Limited:				
* 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 Nottingham Holding Pte Ltd	Investment holding	Singapore	100	100
+ HSC Manchester Holding Pte Ltd	Struck off	Singapore	-	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

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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 Prestige Sdn Bhd <i>(formerly known as Hap Seng Smart Sdn Bhd)</i>	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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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 (Shanghai) Co., Ltd (formerly known as 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 (ceased operations)	Malaysia	100	100
Held by Malaysian Mosaics Sdn Bhd:				
+ MML Marketing Sdn Bhd	In liquidation	Malaysia	100	100
* MML (Shanghai) Trading Co., Ltd	Trading and distribution of porcelain and ceramic tiles and fertilizers	People's Republic of China	-	100

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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 Clay Products Sdn Bhd	Manufacture and trading of clay products (ceased operations)	Malaysia	100	100
+ Hap Seng Seri Alam Sdn Bhd	In liquidation	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
* 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
Held by Hafary Pte Ltd: (continued)				
* Hafary Trademarks Pte Ltd	Intellectual property holding and management	Singapore	100	100
+ Marble Trends Pte Ltd	Struck off	Singapore	-	100
* World Furnishing Hub Pte Ltd	Investment holding	Singapore	100	100
* 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
* 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	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
Held by Hafary Pte Ltd: (continued)				
* Hafary Shanghai Pte Ltd	Investment holding	Singapore	100	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
Held by Hafary Shanghai Pte Ltd:				
+ Hafary Trading (Shanghai) Co., Ltd	Importing, exporting and distribution of building materials	People's Republic of China	100	100
* MML (Shanghai) Trading Co., Ltd	Importing, exporting and distribution of building materials	People's Republic of China	100	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as of 31 December 2025 are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%)	
			2025	2024
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	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
31 DECEMBER 2025

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
2025					
NCI percentage of ownership interest and voting interest	30.47%	49.18%	20.00%		
Carrying amount of NCI	641,058	274,776	599,901	(68,019)	1,447,716
Profit/(loss) attributable to NCI	40,281	49,987	19,176	(23,911)	85,533

**Summarised financial information
before intra-group elimination:**

As at 31 December:

Non-current assets	1,747,089	939,352	791,157		
Current assets	889,799	670,293	2,839,637		
Non-current liabilities	(427,915)	(492,255)	(2,407)		
Current liabilities	(81,165)	(636,010)	(628,889)		
Net assets	2,127,808	481,380	2,999,498		
NCI	-	(20,070)	-		
Net assets attributable to owners of subsidiaries	2,127,808	461,310	2,999,498		
(Less)/add: Adjustments on net assets upon consolidation	(23,910)	56,596	-		
Adjusted net assets	2,103,898	517,906	2,999,498		

Year ended 31 December:

Revenue	702,399	937,312	132,023		
Profit for the year	124,863	101,476	95,881		
Total comprehensive income	124,863	98,258	95,881		
Net cash flows from:					
- operating activities	278,486	188,714	405,830		
- investing activities	(129,294)	(33,507)	2,348		
- financing activities	(111,949)	(154,988)	(16,809)		
Net increase in cash and cash equivalents	37,243	219	391,369		
Dividends paid to NCI	(30,460)	(23,250)	(12,309)		

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material 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
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:					
<i>As at 31 December:</i>					
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		
<i>Year ended 31 December:</i>					
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)		

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of a subsidiary

In 2023, 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. In the previous 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 as the difference is not considered material to the Group.

The acquisition has the following effects on the financial position and results of the Group:

	2024 RM'000
<hr/>	
Group	
Property, plant and equipment	3,912
Intangibles assets	3,780
Inventories	15,448
Trade and other receivables	13,050
Other financial assets	128
Cash and bank balances	1,242
Trade and other payables	(7,577)
Tax payable	(1,364)
Borrowings	(6,341)
Lease liabilities	(3,815)
Deferred tax liabilities	(1,122)
Net identifiable assets	17,341
Non-controlling interests	(5,105)
Negative goodwill	(1,739)
Purchase consideration	10,497
<hr/>	
Carrying value of investment in joint ventures	6,073
Cash consideration paid	2,927
Gain on remeasurement of a joint venture to a subsidiary	1,497
Purchase consideration	10,497
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No cash flow effect arising from the acquisition for the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Disposal of a subsidiary

In the previous financial year, the Group disposed of entire equity interest in Hap Seng Building Materials Marketing Pte Ltd for total cash consideration of SGD121,147.14, equivalent to RM421,000.

The disposal has the following effects on the financial position and results of the Group:

	2024 RM'000
Group	
Trade and other receivables	(7,890)
Cash and bank balances	(111)
Trade and other payables	7,178
Tax payable	402
Net assets	(421)
Transfer from foreign exchange reserve	(632)
	(1,053)
Cash consideration	421
Net assets disposed	(1,053)
Loss on disposal to the Group	(632)
Cash inflow arising from disposal:	
Cash consideration	421
Cash and cash equivalents of subsidiary disposed	(111)
Net cash inflow on disposal	310

(d) Acquisitions and disposal of equity interest in subsidiaries

(i) Acquisition of shares from non-controlling interests

During the financial year, the Group acquired the remaining 300,000 ordinary shares representing 30% shareholding of Sierra Positive Sdn Bhd ["Sierra Positive"] from non-controlling interests for total cash consideration of RM300,900 as disclosed in Note 44(e).

In the previous 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.
- 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.

(ii) Disposal of interest in a subsidiary without losing control

In the previous financial year, the Group disposed of 300,000 ordinary shares representing 30% shareholding of Sierra Positive for total cash consideration of RM300,000.

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisitions and disposal of equity interest in subsidiaries (continued)

The difference between the consideration and the carrying amount of the equity interest acquired/disposed is reflected in the statement of changes in equity as summarised below:

	Acquisition Sierra Positive RM'000 (i)
2025	
Carrying amount of equity interest acquired	(292)
Consideration paid	(301)
Recognised in equity	(593)

	← Acquisition →			Disposal	
	WFHPL RM'000	Sierra Ventures RM'000	Total RM'000 (i)	Sierra Positive RM'000 (ii)	Net RM'000
2024					
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 Management Services Sdn Bhd by RM31,000,000. In the previous financial year, the Company increased its investment in Hap Seng Land Sdn Bhd by RM492,000,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Increase/(decrease) in investment in subsidiaries by the Company (continued)

(ii) Capital reduction in subsidiaries

The following subsidiaries reduced its issued share capital and returned the amount to the Company, being share capital in excess of its needs.

	2025		2024	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
- Hap Seng Auto Sdn Bhd	40,000	40,000	91,040	91,040
- Malaysian Mosaics Sdn Bhd	100,000	100,000	108,599	108,599
- Hap Seng Trading Holdings Sdn Bhd	6,106	6,106	-	-
	146,106	146,106	199,639	199,639

(iii) In the previous 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 to the Company.

No changes to equity attributable to owners of the Company arising from the aforesaid increase/(decrease) in investment in subsidiaries.

(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 was derived based on level 3 of the fair value hierarchy.

The Company recognised an impairment loss on investment in subsidiaries of RM5,063,000 (2024: RM5,381,000) on the basis that the carrying amounts exceeded recoverable amounts, as disclosed in Note 29.

The changes in fair value would have resulted in an additional higher or lower impairment for the corresponding amount.

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 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	209,322	193,900	-	-
	577,171	561,749	103,741	103,741
Exchange differences	8,924	19,750	-	-
	586,095	581,499	103,741	103,741
Less: Accumulated impairment losses - quoted shares	(97,704)	(81,068)	(36,143)	(34,786)
	488,391	500,431	67,598	68,955
Market value of quoted shares	112,594	120,354	112,594	120,354

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates as of 31 December 2025 are as follows:

Name of associates	Principal activities	Country of incorporation	Financial year end	Equity interest held (%)	
				2025	2024
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 2025.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

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
2025				
(i) Summary of financial information				
<i>As at 31 December:</i>				
Non-current assets	700,154	487,302	323,518	1,510,974
Current assets	37,082	659,628	225,624	922,334
Non-current liabilities	(177,666)	(56,595)	(562)	(234,823)
Current liabilities	(10,558)	(280,350)	(88,684)	(379,592)
Net assets	549,012	809,985	459,896	1,818,893
NCI	-	(69,270)	-	(69,270)
Net assets attributable to owner of associates	549,012	740,715	459,896	1,749,623
<i>Year ended 31 December:</i>				
Revenue	45,033	1,650,412	484,276	2,179,721
Profit for the year	20,272	71,785	13,828	105,885
(ii) Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	274,505	148,143	134,389	557,037
Goodwill	954	318	27,786	29,058
Impairment losses	-	(49,435)	(48,269)	(97,704)
Carrying amount in statement of financial position	275,459	99,026	113,906	488,391
(iii) Group's share of results of associates	10,136	14,358	5,489	29,983
(iv) Dividends received from associates	7,000	3,771	3,790	14,561

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

7. INVESTMENT IN ASSOCIATES (CONTINUED)

	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

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 RM16,636,000 (2024: RM10,505,000) whilst the Company recognised an impairment loss on investment in associates of RM1,357,000 (2024: RM2,035,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

8. INVESTMENT IN JOINT VENTURES

	Group	
	2025 RM'000	2024 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	3,833	1,353
Exchange differences	(374)	17
	5,374	3,285

Details of the joint ventures as of 31 December 2025 are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Financial year end	Equity interest held (%)	
				2025	2024
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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

8. INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's joint ventures, which are individually immaterial.

	Group	
	2025	2024
	RM'000	RM'000
<hr/>		
(i) Summary of financial information		
<i>As at 31 December:</i>		
Non-current assets	4,947	2,328
Current assets	37,201	30,478
Non-current liabilities	(306)	(470)
Current liabilities	(25,719)	(22,479)
Net assets	16,123	9,857
<hr/>		
<i>Year ended 31 December:</i>		
Revenue	23,319	17,206
Profit for the year	8,045	8,049
<hr/>		
(ii) Group's share of net assets/carrying amount in statement of financial position	5,374	3,285
<hr/>		
(iii) Group's share of results of joint ventures	2,480	2,683
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2025	2024
	RM'000	RM'000
Cost:		
At 1 January	2,606,067	2,628,022
Additions	220,564	182,444
Transfer to property development costs (Note 14)	-	(174,986)
Costs charged to profit or loss	(15,441)	(29,413)
At 31 December	2,811,190	2,606,067
Represented by:		
Freehold land	1,622,946	1,585,913
Right-of-use assets – Leasehold land	464,036	478,528
Land development expenditure	724,208	541,626
	2,811,190	2,606,067

Included in additions was interest expense capitalised of RM101,987,000 (2024: RM91,492,000) as disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 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 2024/1 January 2025	122,368	58,190	1,523	2,755	184,836
Exchange differences	(683)	(541)	-	(109)	(1,333)
At 31 December 2025	121,685	57,649	1,523	2,646	183,503
Accumulated amortisation/ impairment loss					
At 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 2024/1 January 2025	68,427	49,661	629	2,755	121,472
Amortisation (Note 30)	-	2,120	102	-	2,222
Exchange differences	-	(274)	-	(109)	(383)
At 31 December 2025	68,427	51,507	731	2,646	123,311
Net carrying amount					
At 31 December 2024	53,941	8,529	894	-	63,364
At 31 December 2025	53,258	6,142	792	-	60,192

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.

10. INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

	Group	
	2025 RM'000	2024 RM'000
Plantation	36,736	36,736
Building materials	16,522	17,205
	53,258	53,941

- (i) The recoverable amount of the plantation CGU has been determined based on the FVLCD 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% to 10% (2024: 5% to 10%) growth rate approved by the management, with terminal growth rate of 2% (2024: 2%) and discounted at the pre-tax rate of 16.9% (2024: 15.6%) 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.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current				
Trade receivables				
Hire purchase receivables	259,660	371,706	-	-
Loan receivables	702,228	761,768	-	-
	961,888	1,133,474	-	-
Less: Allowance for impairment	(60,090)	(68,732)	-	-
Advances received	(26,093)	(34,686)	-	-
	875,705	1,030,056	-	-
Non-trade receivables				
Net investment in lease	-	4,672	-	-
	875,705	1,034,728	-	-

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11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current				
Trade receivables				
Third parties	662,851	738,382	-	-
Hire purchase receivables	253,962	315,368	-	-
Loan receivables	202,071	240,104	-	-
Amounts due from other related companies	315	378	-	-
Amounts due from an associate	1,510	73,061	-	-
Amounts due from joint ventures	1,583	350	-	-
	1,122,292	1,367,643	-	-
Less: Allowance for impairment	(81,116)	(74,352)	-	-
Interest in suspense	(104,013)	(74,101)	-	-
Advances received	(24,870)	(27,586)	-	-
	912,293	1,191,604	-	-
Non-trade receivables				
Other receivables	77,122	77,949	436	423
Prepayments	37,064	41,196	12	12
Net investment in lease	-	281	-	-
Amounts due from associates	1,078	2,364	-	-
Amounts due from joint ventures	3,409	3,753	-	-
	118,673	125,543	448	435
	1,030,966	1,317,147	448	435
Total trade and other receivables (current and non-current)	1,906,671	2,351,875	448	435
Less: Prepayments	(37,064)	(41,196)	(12)	(12)
Add: Cash and bank balances (Note 18)	1,753,676	1,880,151	9,007	5,357
Total financial assets carried at amortised cost	3,623,283	4,190,830	9,443	5,780

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 (2024: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(ii) Hire purchase receivables

Hire purchase receivables consist of the following:

	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
Group			
2025			
Less than 1 year	282,676	(28,714)	253,962
Between 1 and 5 years	272,952	(13,292)	259,660
	555,628	(42,006)	513,622
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

(iii) Amounts due from an associate and joint ventures

The amounts due from an associate 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 in the previous financial year which was repayable in accordance with the terms as per the sale and purchase agreements ["SPA"]. The SPAs were terminated during the financial year due to failure by the associate to fulfil the payment obligations in accordance with the terms of the SPAs.

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

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11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

	Group	
	2025 RM'000	2024 RM'000
Total trade receivables:		
- Current	1,122,292	1,367,643
- Non-current	961,888	1,133,474
	2,084,180	2,501,117

The ageing analysis of trade receivables is as follows:

	Group	
	2025 RM'000	2024 RM'000
Neither past due nor impaired	32,080	127,856
Past due but not impaired:		
- Past due 1 – 30 days	4,237	4,026
- Past due 31 – 90 days	1,790	23,849
- Past due more than 90 days	2,654	34,480
	8,681	62,355
Assessed individually	388,183	356,878
Assessed collectively	1,655,236	1,954,028
Total trade receivables	2,084,180	2,501,117

The movement in the allowance for impairment loss is as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	143,084	147,448
Allowance for impairment losses (Note 30)	5,815	9,252
Reversal of impairment losses (Note 30)	(1,303)	(1,998)
Written off	(5,670)	(10,923)
Exchange differences	(720)	(695)
At 31 December	141,206	143,084

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11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-trade receivables

(i) Net investment in lease

	Group	
	2025 RM'000	2024 RM'000
At 1 January	4,953	5,581
Interest income	-	193
Lease payment received	-	(465)
Impairment loss	-	(356)
Derecognition	(4,953)	-
At 31 December	-	4,953

The lease payment to be received are as follows:

	Group	
	2025 RM'000	2024 RM'000
Less than one year	-	464
One to two years	-	464
Two to three years	-	464
Three to four years	-	464
Four to five years	-	464
More than five years	-	4,485
Total undiscounted lease payments	-	6,805
Unearned interest income	-	(1,496)
	-	5,309
Less: Impairment loss	-	(356)
Net investment in lease	-	4,953

The following are recognised in profit or loss:

	Group	
	2025 RM'000	2024 RM'000
Variable lease income that do not depend on an index or a rate	-	1,237

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2025 RM'000	2024 RM'000
United States Dollar ["USD"]	33,095	18,483
Euro	-	53
Chinese Renminbi ["RMB"]	-	95
	33,095	18,631

12. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

	Group	
	2025 RM'000	2024 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)	592	801
- Equity investments (unquoted outside Malaysia)	112	120
	704	921
	716	933
Current		
Derivatives - not designated as hedging instrument		
- Forward currency contracts	628	5,066

12. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

	Group	
	2025	2024
	RM'000	RM'000
OTHER FINANCIAL LIABILITIES		
Non-current		
Derivatives - designated as hedging instrument		
- Cross currency interest rate swaps - cash flow hedges	32,875	17,108
Current		
Derivatives - designated as hedging instrument		
- Cross currency interest rate swaps - cash flow hedges	2,099	-
Derivatives - not designated as hedging instrument		
- Forward currency contracts	3,278	828
	5,377	828

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 July 2026 (2024: June 2025). 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 (2024: 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.

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13. INVENTORIES

	Group	
	2025	2024
	RM'000	RM'000
Cost		
Properties held for sale	141,036	172,232
Raw materials	65,442	78,441
Produce inventories	5,047	47,131
Work-in-progress	4,560	4,617
Finished goods	968,478	890,844
	1,184,563	1,193,265
Net realisable value		
Properties held for sale	139,692	192,766
Raw materials	7,724	6,324
Produce inventories	56,785	-
Finished goods	90,991	92,964
	295,192	292,054
	1,479,755	1,485,319
Recognised in profit or loss		
Inventories recognised as cost of sales	3,268,225	3,585,558

NOTES TO THE FINANCIAL STATEMENTS
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14. PROPERTY DEVELOPMENT COSTS

Group	Land RM'000	Development costs RM'000	Accumulated costs charged to profit or loss RM'000	Total RM'000
At 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 2024/1 January 2025	140,495	190,064	(28,199)	302,360
Costs incurred during the year	-	151,942	-	151,942
Costs charged to profit or loss	-	-	(4,677)	(4,677)
At 31 December 2025	140,495	342,006	(32,876)	449,625

Included in the property development costs incurred during the financial year was interest expense capitalised of RM4,503,000 (2024: RM3,535,000) as disclosed in Note 28.

The property development costs included contract costs assets as follows:

	Group	
	2025 RM'000	2024 RM'000
Contract cost assets		
Costs to obtain contracts with customers	-	63
Costs to fulfil contracts	36	83
	36	146

NOTES TO THE FINANCIAL STATEMENTS

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15. BIOLOGICAL ASSETS

	Group	
	2025 RM'000	2024 RM'000
At 1 January	64,623	20,433
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 30)	(30,610)	44,190
At 31 December	34,013	64,623

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 2025, the estimated quantity of unharvested FFB of the Group included in the fair value of FFB was 98,000 tonnes (2024: 103,000 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	
		2025 RM'000	2024 RM'000
Selling price	10%	8,146	11,060
	(10%)	(8,146)	(11,060)
Production volume	10%	3,374	6,462
	(10%)	(3,374)	(6,462)

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16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2025	2024
	RM'000	RM'000
CONTRACT ASSETS		
Current		
- Property development	2,549	15,183
CONTRACT LIABILITIES		
Current		
- Property development	283	77,704
- Goods and services	26,528	20,760
	26,811	98,464

(a) Property development

Movement of contract assets and contract liabilities in relation to property development activities is analysed as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	(62,521)	(67,442)
Add: Property development revenue recognised during the year (Note 27)	5,950	14,549
Add: Legal fees	340	1,163
Add: Reversal during the year	73,638	-
Less: Progress billings during the year	(15,141)	(10,791)
At 31 December	2,266	(62,521)
Analysed as follows:		
- Contract assets	2,549	15,183
- Contract liabilities	(283)	(77,704)
	2,266	(62,521)

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16. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(a) Property development (continued)

The remaining contractual billings to customers from property development activities amounted to RM990,000 (2024: RM15,301,000) and will be billed progressively upon fulfilment of contractual milestone not withstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development activities ranges within 1 year.

Included in the contract liabilities of the previous financial year were deferred revenue of RM73,638,000 in relation to sales of properties to an associate and revenue to be recognised upon receipt of consideration in accordance with the terms as per the SPAs. These SPAs were terminated during the financial year due to failure by the associate to fulfil the payment obligations in accordance with the terms of the SPAs.

(b) Goods and services

The contract liabilities primarily relate to 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 8 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	
	2025 RM'000	2024 RM'000
USD	-	159,471
Singapore Dollar ["SGD"]	82,259	83,978
	82,259	243,449

Other information on financial risks of money market deposits are disclosed in Note 41.

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18. CASH AND BANK BALANCES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash at banks and on hand	1,597,031	1,247,602	4,388	790
Deposits with licensed banks	156,645	632,549	4,619	4,567
Cash and bank balances	1,753,676	1,880,151	9,007	5,357

Included in cash at banks of the Group are amounts totalling RM24,153,000 (2024: RM23,010,000), 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 RM1,485,598,000 (2024: RM1,122,504,000) and RM4,350,000 (2024: RM751,000) respectively which earned interest at floating rates of 0.05% to 3.55% (2024: 0.05% to 3.65%) per annum for the Group and 1.90% to 2.75% (2024: 2.15% to 3.00%) per annum for the Company.

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD	12,391	16,242	-	-
SGD	609	685	27	28
Euro	1,372	8	-	-
RMB	4	8,787	-	-
Pound Sterling ["GBP"]	4,619	4,587	4,619	4,567
	18,995	30,309	4,646	4,595

Other information on financial risks of cash and cash equivalents are disclosed in Note 41.

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19. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current				
Non-trade payables				
Advance received	8,319	8,015	-	-
Deferred lease income	744	673	-	-
Deposits received	15,839	14,042	-	-
Amount due to a subsidiary	-	-	-	449,710
	24,902	22,730	-	449,710
Current				
Trade payables				
Third parties	518,602	505,792	-	-
Accruals	165,283	209,600	-	-
Amounts due to other related companies	437	1,356	-	-
Amount due to a joint venture	1,557	1,557	-	-
	685,879	718,305	-	-

19. TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current				
Non-trade payables				
Accruals	333,992	247,836	2,523	3,540
Other payables	191,925	309,133	31	200
Advance received	787	374	-	-
Deferred lease income	681	697	-	-
Deposits received	14,069	17,902	-	-
Amount due to a joint venture	20	20	-	-
Amounts due to subsidiaries	-	-	632	1,824
	541,474	575,962	3,186	5,564
	1,227,353	1,294,267	3,186	5,564
Total trade and other payables (current and non-current)	1,252,255	1,316,997	3,186	455,274
Less: Deferred lease income	(1,425)	(1,370)	-	-
Advance received	(9,106)	(8,389)	-	-
Add: Borrowings (Note 22)	6,933,369	7,156,792	-	-
Lease liabilities (Note 23)	135,845	130,039	27	10
Total financial liabilities carried at amortised cost	8,310,938	8,594,069	3,213	455,284

(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 (2024: 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).

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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) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, non-interest bearing and payable in accordance with the normal credit terms except for an amount of RM587,000 (2024: RM449,710,000) which bears interest at rate of 4.15% (2024: 4.45%) 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	
	2025 RM'000	2024 RM'000
USD	115,946	145,205
Euro	3,212	5,833
RMB	1,282	3,646
SGD	582	718
JPY	9,251	10,058
	130,273	165,460

NOTES TO THE FINANCIAL STATEMENTS
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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 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/ 1 January 2025	3,518	348,877	-	4,215	356,610
Provision made during the year	3,258	23,136	-	2,122	28,516
Provision utilised during the year	(3,378)	(355)	-	(1,427)	(5,160)
Provision reversed during the year	-	(10,201)	-	(1,136)	(11,337)
Exchange differences	(140)	-	-	-	(140)
At 31 December 2025	3,258	361,457	-	3,774	368,489

- (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.

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21. EMPLOYEE BENEFITS**Retirement benefits**

	Group	
	2025 RM'000	2024 RM'000
Defined benefit liability	983	1,078

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	
	2025 RM'000	2024 RM'000
At 1 January	1,078	1,412
Exchange differences	(125)	(91)
	953	1,321
Included in profit or loss:		
Current service cost	32	48
Interest cost	62	58
Past service credit	(40)	(485)
	54	(379)
Included in other comprehensive income:		
Remeasurement (gain)/loss	(21)	134
Others:		
Exchange differences	(3)	2
At 31 December	983	1,078

Plan assets

There are no assets which qualify as plan assets because the plan is not a funded arrangement.

21. EMPLOYEE BENEFITS (CONTINUED)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2025 %	2024 %
Discount rate	6.30	7.10
Future salary growth	7.00	7.00

Sensitivity analysis

A change of 1% at the reporting date to one of the principal actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group			
	2025		2024	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	(52)	59	(31)	34
Future salary growth (1% movement)	62	(55)	36	(33)

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.

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22. BORROWINGS

	Group	
	2025 RM'000	2024 RM'000
Non-current		
Secured:		
Term loans	422,500	479,175
Unsecured:		
Term loans	746,368	792,732
Medium term notes	3,607,500	3,522,500
	4,353,868	4,315,232
	4,776,368	4,794,407
Current		
Secured:		
Term loans	37,176	37,250
Revolving credits	60,776	71,509
	97,952	108,759
Unsecured:		
Term loans	252,915	217,521
Revolving credits	699,737	713,638
Trust receipts	71,365	60,009
Bankers' acceptances	220,032	129,958
Medium term notes	815,000	1,132,500
	2,059,049	2,253,626
	2,157,001	2,362,385
Total borrowings	6,933,369	7,156,792

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
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22. BORROWINGS (CONTINUED)

(a) The remaining maturities of the borrowings are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Within one year	2,157,001	2,362,385
More than 1 year and less than 2 years	1,620,985	956,848
More than 2 years and less than 5 years	2,974,517	3,530,252
More than 5 years	180,866	307,307
	6,933,369	7,156,792

(b) 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	
	2025	2024
	RM'000	RM'000
USD	211,366	232,940
Euro	-	14,407
	211,366	247,347

Other information on financial risks of borrowings are disclosed in Note 41.

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22. BORROWINGS (CONTINUED)

(c) Changes in liabilities arising from financing activities:

	1 January RM'000	Cash flows RM'000	Other changes RM'000	31 December RM'000
Group				
2025				
Term loans	1,526,678	(25,954)	(41,765)	1,458,959
Revolving credits	785,147	(17,579)	(7,055)	760,513
Trust receipts	60,009	14,217	(2,861)	71,365
Bankers' acceptances	129,958	90,074	-	220,032
Medium term notes	4,655,000	(232,500)	-	4,422,500
	7,156,792	(171,742)	(51,681)	6,933,369
Lease liabilities (Note 23)	130,039	(27,438)	33,244	135,845
Total liabilities from financing activities	7,286,831	(199,180)	(18,437)	7,069,214
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 (Note 23)	133,996	(28,281)	24,324	130,039
Total liabilities from financing activities	6,968,257	403,570	(84,996)	7,286,831
Company				
2025				
Lease liabilities (Note 23), representing total liabilities from financing activities	10	(18)	35	27
2024				
Lease liabilities (Note 23), representing total liabilities from financing activities	27	(17)	-	10

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23. LEASE LIABILITIES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	130,039	133,996	10	27
Additions	40,079	30,499	35	-
Accretion of interest (Note 28)	5,409	5,289	1	1
Modifications	(4,961)	(4,611)	-	-
Payments	(32,847)	(33,570)	(19)	(18)
Exchange differences	(1,874)	(1,564)	-	-
At 31 December	135,845	130,039	27	10
Non-current	111,886	109,238	10	-
Current	23,959	20,801	17	10
	135,845	130,039	27	10

During the financial year, the Group and the Company had cash outflows for leases amounted to RM32,847,000 (2024: RM33,570,000) and RM19,000 (2024: RM18,000) respectively. In addition, the Group and the Company had cash outflows for short term, low value and variable lease expense amounted to RM29,807,000 (2024: RM31,150,000) and RM1,330,000 (2024: RM1,331,000) 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 RM1,288,000 (2024: RM2,161,000) under hire purchase arrangements which are secured by the lessors' charge over the leased assets as follows:

	Group	
	2025 RM'000	2024 RM'000
Carrying amount of plant and equipment under hire purchase arrangements	2,389	2,766

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24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	454,846	430,122	4	25
Recognised in profit or loss (Note 33)	761	25,749	(1)	(21)
Exchange differences	(899)	(1,025)	-	-
At 31 December	454,708	454,846	3	4
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	489,269	498,993	3	4
Deferred tax assets	(34,561)	(44,147)	-	-
	454,708	454,846	3	4

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 2025	447,212	109,111	8,009	564,332
Recognised in profit or loss	(19,693)	4,149	(886)	(16,430)
Exchange differences	(640)	-	(299)	(939)
At 31 December 2025	426,879	113,260	6,824	546,963
Less: Deferred tax assets offset				(57,694)
Deferred tax liabilities recognised				489,269
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

NOTES TO THE FINANCIAL STATEMENTS
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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 2025	(53,342)	-	(56,144)	(109,486)
Recognised in profit or loss	7,455	-	9,736	17,191
Exchange differences	-	-	40	40
At 31 December 2025	(45,887)	-	(46,368)	(92,255)
Offset against deferred tax liabilities				57,694
Deferred tax assets recognised				(34,561)
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)

Deferred tax liabilities of the Company:

	2025 RM'000	2024 RM'000
Property, plant and equipment		
At 1 January	4	25
Recognised in profit or loss	(1)	(21)
At 31 December	3	4

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24. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2025 RM'000	2024 RM'000
Unutilised tax losses	514,007	422,626
Unabsorbed capital and agriculture allowances	173,135	171,389
Unabsorbed reinvestment allowances	-	198,200
Other temporary differences	501,159	437,137
	1,188,301	1,229,352

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:

Year of assessment	Expiry Year	Group	
		2025 RM'000	2024 RM'000
- 2018	2028	172,565	177,744
- 2019	2029	24,206	24,267
- 2020	2030	62,161	62,236
- 2021	2031	36,200	36,200
- 2022	2032	23,294	25,120
- 2023	2033	45,024	39,780
- 2024	2034	72,341	57,279
- 2025	2035	78,216	-
		514,007	422,626

The unabsorbed reinvestment allowances has expired in year 2025.

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25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Number of ordinary shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 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 28 May 2025, 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 2025, the Company held a total of 12,000 (2024: 12,000) ordinary shares at average cost per share of RM9.42 (2024: RM9.42) as treasury shares.

26. RESERVES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Non-distributable reserves	94,090	118,728	-	-
(b) Distributable reserve				
- Retained profits	4,323,896	4,340,806	2,688,219	2,514,413
	4,417,986	4,459,534	2,688,219	2,514,413

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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 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/ 1 January 2025	35,038	(7,089)	4,866	85,913	118,728
Foreign currency translation differences for foreign operations	-	-	(39,954)	-	(39,954)
Share of foreign currency translation differences of:					
- associates	-	-	(6,920)	-	(6,920)
- joint ventures	-	-	(199)	-	(199)
Change in fair value of cash flow hedge	-	3,708	-	-	3,708
Total other comprehensive loss for the year	-	3,708	(47,073)	-	(43,365)
Transfer to retained profits	-	1,041	17,686	-	18,727
At 31 December 2025	35,038	(2,340)	(24,521)	85,913	94,090

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 (2024: 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 (2024: 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 2025 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

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27. REVENUE AND COST OF SALES

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contract with customers:				
- Sale of plantation produce	702,399	752,448	-	-
- Sale of goods and services	3,640,161	3,815,548	-	-
- Sale of properties under development	5,950	14,549	-	-
- Sale of completed properties	125,654	239,047	-	-
- Sale of land	441,909	592,437	-	-
	4,916,073	5,414,029	-	-
Revenue from other sources:				
- Dividend income:				
- From subsidiaries	-	-	704,202	692,744
- From associates	-	-	3,771	4,717
- Interest income from provision of financial services	104,134	128,221	-	-
- Property rental	86,942	88,465	-	-
	191,076	216,686	707,973	697,461
	5,107,149	5,630,715	707,973	697,461
Timing and recognition:				
- At a point in time	4,755,012	5,286,118	-	-
- Over time	161,061	127,911	-	-
	4,916,073	5,414,029	-	-

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.

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28. FINANCE COSTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense on:				
Bank borrowings	328,189	310,435	-	-
Borrowings from other institutions	-	545	-	-
Amount due to a subsidiary	-	-	6,001	23,380
Lease liabilities (Note 23)	5,409	5,289	1	1
Others	18,574	17,849	-	-
	352,172	334,118	6,002	23,381
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 4)	(15,496)	(28,614)	-	-
- Investment properties (Note 5)	(33,197)	(26,536)	-	-
- Land held for property development (Note 9)	(101,987)	(91,492)	-	-
- Property development costs (Note 14)	(4,503)	(3,535)	-	-
	196,989	183,941	6,002	23,381

29. OTHER GAIN/(LOSS) ITEMS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Other gain items				
Gain on disposal of equity interest in a subsidiary	-	-	-	13,279
(b) Other loss items				
Loss on disposal of a subsidiary	-	(632)	-	-
Impairment loss on investment in associates	(16,636)	(10,505)	(1,357)	(2,035)
Impairment loss on investment in subsidiaries	-	-	(5,063)	(5,381)
	(16,636)	(11,137)	(6,420)	(7,416)

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30. PROFIT BEFORE TAX

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
- current year				
- Ernst & Young PLT	1,200	1,200	210	210
- overseas member firms of Ernst & Young	131	138	26	28
- other auditors	2,401	2,343	-	-
- (over)/under provision in prior years				
- Ernst & Young PLT	-	74	-	17
- overseas member firms of Ernst & Young	-	1	-	-
- other auditors	(12)	77	-	-
- Non audit fees				
- Ernst & Young PLT	20	20	20	20
- local member firms of Ernst & Young PLT	610	328	19	15
- overseas member firms of Ernst & Young	-	10	-	-
Short term, low value and variable lease expenses	29,807	31,150	1,330	1,331
Loss on modification of lease	1,544	245	-	-
Depreciation of property, plant and equipment (Note 4)	227,127	210,195	90	93
Amortisation of intangible assets (Note 10)	2,222	2,928	-	-
Property, plant and equipment written off	1,375	2,630	-	-
Investment properties written off	266	203	-	-
Bad debts written off	1,330	149	-	-
Impairment loss on:				
- property, plant and equipment	3,165	1,173	-	-
- intangible assets	-	2,952	-	-
- trade receivables (Note 11)	5,815	9,252	-	-
- net investment in lease	-	356	-	-
Net inventories written down/(net reversal of inventories written down)	2,075	(28,592)	-	-
Employee benefits expenses (Note 31)	575,745	552,865	10,116	12,832
Direct operating expenses arising from investment properties				
- rental generating properties	43,525	42,518	-	-
Loss on equity investment at fair value through profit or loss	177	309	-	-

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30. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax is arrived at after charging/(crediting): (continued)				
Gain on money market deposits at fair value	(51,884)	(44,258)	(3,292)	(8,069)
Net loss/(gain) from fair value adjustments of biological assets	30,610	(44,190)	-	-
Net foreign exchange loss	16,309	2,550	7,910	9,220
(Gain)/loss on disposal of property, plant and equipment	(4,355)	1,158	(76)	-
Gain on disposal of investment properties	(2,100)	(11,827)	-	-
Gain on remeasurement of a joint venture to a subsidiary	-	(1,497)	-	-
Negative goodwill arising from bargain purchase	-	(1,739)	-	-
Net (gain)/loss from fair value adjustments of investment properties (Note 5)	(23,749)	31,957	-	-
Dividend income from money market deposits	(5,278)	(10,201)	(94)	(355)
Reversal of impairment losses				
- trade receivables (Note 11)	(1,303)	(1,998)	-	-
Reversal of provisions	(11,337)	(604)	-	-
Recovery of bad debts	(606)	(788)	-	-
Rental income from properties	(28,164)	(25,277)	-	-
Interest income from:				
- deposits with licensed banks	(66,179)	(63,320)	(1,639)	(3,624)
- discounting on retention sum	(2,312)	(1,649)	-	-
- a subsidiary	-	-	(552)	-
- others	(631)	(490)	-	-

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31. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries and other staff related expenses	532,668	512,629	9,208	11,655
Pension costs – defined contribution plans	43,077	40,236	908	1,177
	575,745	552,865	10,116	12,832

Included in employee benefits expenses of the Group and of the Company were executive directors' remuneration of RM25,940,000 (2024: RM34,191,000) and RM5,985,000 (2024: RM10,466,000) respectively as further disclosed in Note 32.

32. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Executive directors' remuneration:				
Fees				
- Directors of the Company	196	204	-	-
Other emoluments				
- Directors of the Company	6,885	9,380	5,985	7,964
- Directors of subsidiaries	18,859	24,607	-	2,502
	25,940	34,191	5,985	10,466
Non-executive directors' remuneration:				
Fees				
- Directors of the Company	958	1,058	840	940
- Directors of subsidiaries	1,495	1,592	-	-
Other emoluments				
- Directors of subsidiaries	180	180	-	-
	2,633	2,830	840	940
Total directors' remuneration	28,573	37,021	6,825	11,406
Other key management personnel compensation	60,226	58,181	3,808	1,938
	88,799	95,202	10,633	13,344

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 RM7,123,000 (2024: RM7,418,000) and RM908,000 (2024: RM1,177,000) 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company	103	153	103	153
Directors of subsidiaries	236	453	-	110
Other key management personnel	2,091	2,527	118	72
	2,430	3,133	221	335

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33. TAX EXPENSE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysian income tax:				
- Current income tax	235,746	279,682	20	907
- (Over)/under provision in prior year	(1,954)	(8,755)	3	(5)
	233,792	270,927	23	902
Foreign income tax:				
- Current income tax	34,799	35,968	-	-
- Under provision in prior year	182	506	-	-
	34,981	36,474	-	-
Total income tax	268,773	307,401	23	902
Deferred tax (Note 24):				
- Relating to origination and reversal of temporary differences	577	21,539	(1)	(21)
- Under provision in prior year	184	4,210	-	-
Total deferred tax	761	25,749	(1)	(21)
Total tax expense	269,534	333,150	22	881

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

33. TAX EXPENSE (CONTINUED)

Global minimum tax

The Organisation for Economic Co-operation and Development (“OECD”) has introduced a Global Minimum Tax (“GMT”) framework under Pillar Two of the Base Erosion and Profit Shifting (“BEPS Pillar Two”) initiative. The objective of BEPS Pillar Two is to ensure that multinational enterprise (“MNE”) groups are subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate.

The GMT applies to constituent entities of MNE groups with annual consolidated revenue of at least EUR 750 million in at least two of the four immediately preceding financial years. The Group is within the scope of BEPS Pillar Two.

In Malaysia, the GMT regime was enacted through the Finance (No. 2) Act 2023 and is effective for financial years beginning on or after 1 January 2025.

Amendments to MFRS 112 Income Taxes provide a mandatory temporary exception from the recognition and disclosure of deferred tax assets and deferred tax liabilities arising from Pillar Two income taxes. The Group has applied this temporary exception for the financial year ended 31 December 2025.

The Group has performed a preliminary assessment of its potential exposure to BEPS Pillar Two income taxes based on current Pillar Two rules. Based on this assessment, the potential impact of Pillar Two income taxes is not expected to be material to the Group’s financial statements for the financial year ended 31 December 2025.

Accordingly, no deferred tax nor current tax expenses have been recognised in respect of Pillar Two income taxes.

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33. TAX EXPENSE (CONTINUED)**Reconciliation of tax expense**

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax	855,390	1,105,166	671,762	658,347
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	205,294	265,240	161,223	158,003
Effect of different tax rates in other countries	(10,302)	(9,831)	-	-
Income not subject to tax	(19,685)	(14,921)	(171,518)	(172,518)
Expenses not deductible for tax purposes	65,427	72,319	10,314	15,401
Effect of share of results of associates	(6,906)	(5,981)	-	-
Effect of share of results of joint ventures	(422)	(456)	-	-
Deferred tax assets not recognised	37,716	30,819	-	-
(Over)/under provision in prior year				
- income tax	(1,772)	(8,249)	3	(5)
- deferred tax	184	4,210	-	-
Tax expense for the year	269,534	333,150	22	881

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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	
	2025	2024
Profit attributable to owners of the Company (RM'000)	500,323	650,480
Weighted average number of ordinary shares ('000)	2,489,670	2,489,670
Basic earnings per share (sen)	20.10	26.13

The Group has no potential dilutive shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

35. DIVIDENDS

	Group/Company	
	2025	2024
	RM'000	RM'000
Recognised during the year:		
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
Dividends paid in respect of financial year ended 31 December 2025:		
- 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	497,934

The Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2025.

No dividend is payable for treasury shares held or cancelled.

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36. CAPITAL COMMITMENTS

	Group	
	2025	2024
	RM'000	RM'000
Capital expenditure:		
Contracted but not provided for		
- Property, plant and equipment	64,388	153,326
- Investment properties	144,182	305,327
	208,570	458,653

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	
	2025	2024
	RM'000	RM'000
Within one year	83,706	83,303
After one year but not more than five years	110,779	84,364
After five years	31,472	-
	225,957	167,667

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.

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38. SEGMENT INFORMATION (CONTINUED)

2025	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Revenue	702,399	778,609	104,134	541,521	2,043,370	937,116	-	-	5,107,149
External revenue	-	24,178	52,056	19,030	118,774	109,818	-	(323,856)	-
Inter-segment revenue	702,399	802,787	156,190	560,551	2,162,144	1,046,934	-	(323,856)	5,107,149
Results									
Operating profit	165,386	502,463	139,452	17,223	111,720	174,606	8,465	(82,763)	1,036,552
Finance costs									(196,989)
Other loss items									(16,636)
Share of results of associates									29,983
Share of results of joint ventures									2,480
Profit before tax									855,390
Tax expense									(269,534)
Profit for the year									585,856
Non-controlling interests									(85,533)
Profit attributable to owners of the Company									500,323

38. SEGMENT INFORMATION (CONTINUED)

	Plantation RM'000	Property financing RM'000	Credit		Automotive RM'000	Trading RM'000	Building materials RM'000	Other non- reportable segments RM'000	Consolidated RM'000
			Plantation RM'000	Property financing RM'000					
2025 (continued)									
Assets and liabilities									
Segment assets	2,637,434	9,200,155	2,253,465	456,394	1,141,532	1,878,216	501,327	18,068,523	
Investment in associates								488,391	
Investment in joint ventures								5,374	
Deferred tax assets								34,561	
Tax recoverable								75,968	
Total assets								18,672,817	
Segment liabilities	82,136	1,785,949	628,009	183,059	506,619	1,113,721	4,456,511	8,756,004	
Deferred tax liabilities								489,269	
Tax payable								42,401	
Total liabilities								9,287,674	
Other information									
Additions to non-current assets	96,689	675,356	14,880	12,856	15,206	46,960	938	862,885	
Depreciation and amortisation	75,047	41,212	9,885	21,065	12,256	68,021	1,863	229,349	
Impairment losses on non-current assets	-	6	-	2,772	-	387	16,636	19,801	

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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	Eliminations RM'000	Consolidated 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	-	(376,434)	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
Finance costs									(183,941)
Other loss items									(11,137)
Share of results of associates									26,410
Share of results of joint ventures									2,683
Profit before tax									1,105,166
Tax expense									(333,150)
Profit for the year									772,016
Non-controlling interests									(121,536)
Profit attributable to owners of the Company									650,480

38. SEGMENT INFORMATION (CONTINUED)

	Plantation		Property		Credit financing		Automotive		Trading		Building materials		Other non-reportable segments		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
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								

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38. SEGMENT INFORMATION (CONTINUED)

Additions to non-current assets consist of the following:

	Group	
	2025 RM'000	2024 RM'000
Property, plant and equipment (Note 4)	383,484	580,996
Investment properties (Note 5)	258,837	194,675
Land held for property development (Note 9)	220,564	182,444
	862,885	958,115

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	3,780,376	4,283,645	10,117,767	9,521,722
Other Asian countries	1,173,903	1,196,236	940,277	997,865
Others	152,870	150,834	11	7
	5,107,149	5,630,715	11,058,055	10,519,594

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2025 RM'000	2024 RM'000
Property, plant and equipment	4,930,005	4,872,494
Investment properties	3,256,668	2,977,669
Land held for property development	2,811,190	2,606,067
Intangible assets	60,192	63,364
	11,058,055	10,519,594

39. MATERIAL LITIGATIONS

- (a) Hap Seng Plantations (River Estates) Sdn Bhd [“RESB”], a 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”].

HCH was charged in the Kota Kinabalu Sessions Court on four counts of cheating and forgery in respect of the Alleged PA. The criminal proceedings against HCH began on 27 October 2014. On 16 May 2016, the Kota Kinabalu Sessions Court found HCH guilty of cheating and forgery under sections 420 and 471 of the Penal Code with which HCH was sentenced to 12 months of jail term and fined RM40,000. HCH appealed to the High Court, Kota Kinabalu [“KKHC”] against the said conviction and its concomitant sentence and fine.

On 1 March 2018, in affirming the said conviction, the KKHC extended the jail term of 12 months to five years. HCH appealed to the Court of Appeal against the KKHC decision, which appeal was dismissed on 23 May 2022.

On 8 April 2016, RESB commenced a legal suit in the 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 has confirmed RESB’s legal and beneficial ownership over the Land.

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 against the whole of the decision by the KKHC in respect of the KK RESB Suit delivered on 24 April 2024. A case management has been fixed on 27 July 2026 for the Court of Appeal to give directions on the appeal.

On 23 February 2026, RESB received the KKHC’s grounds of decision through its solicitors, Messrs Jayasuriya Kah & Co, wherein the KKHC set out the main grounds confirming RESB’s legal and beneficial ownership over the Land.

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39. MATERIAL LITIGATIONS (CONTINUED)

- (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 has confirmed RESB's legal and beneficial ownership 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 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 27 July 2026 for the Court of Appeal to give directions on the appeal.

On 23 February 2026, RESB received the KKHC's grounds of decision through its solicitors, Messrs Jayasuriya Kah & Co, wherein the KKHC set out the main grounds confirming RESB's legal and beneficial ownership over the Land.

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.

40. FAIR VALUE MEASUREMENT (CONTINUED)

(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				
2025				
Assets measured at fair value				
Investment properties	3,256,668	-	-	3,256,668
Equity investments (Note 12)	716	592	-	124
Money market deposits (Note 17)	1,382,835	-	1,382,835	-
Biological assets (Note 15)	34,013	-	-	34,013
Derivative financial assets (Note 12)				
Forward currency contracts	628	-	628	-
Derivative financial liabilities (Note 12)				
Forward currency contracts	(3,278)	-	(3,278)	-
Cross currency interest rate swaps	(34,974)	-	(34,974)	-

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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)				
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)	-

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.

(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.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk (continued)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<i>Fixed rate instruments</i>				
Financial assets				
Hire purchase receivables	513,622	687,074	-	-
Deposits with licensed banks	156,645	632,549	4,619	4,567
	670,267	1,319,623	4,619	4,567
Financial liabilities				
Term loans	(150,000)	(150,000)	-	-
Lease liabilities	(135,845)	(130,039)	(27)	(10)
	(285,845)	(280,039)	(27)	(10)
	384,422	1,039,584	4,592	4,557
<i>Floating rate instruments</i>				
Financial assets				
Loan receivables	904,299	1,001,872	-	-
Cash at banks	1,485,598	1,122,504	4,350	751
	2,389,897	2,124,376	4,350	751
Financial liabilities				
Amount due to a subsidiary	-	-	(587)	(449,710)
Term loans	(1,308,959)	(1,376,678)	-	-
Revolving credits	(760,513)	(785,147)	-	-
Medium term notes	(4,422,500)	(4,655,000)	-	-
Trust receipts	(71,365)	(60,009)	-	-
Bankers' acceptances	(220,032)	(129,958)	-	-
	(6,783,369)	(7,006,792)	(587)	(449,710)
	(4,393,472)	(4,882,416)	3,763	(448,959)

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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 2025 for the Group and the Company were 3.79% (2024: 3.92%) and 4.20% (2024: 4.85%) respectively and will mature within 3 months (2024: 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
2025				
Floating rate instruments	(32,371)	32,371	29	(29)
2024				
Floating rate instruments	(35,984)	35,984	(3,412)	3,412

(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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (continued)

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						Total RM'000
	USD RM'000	SGD RM'000	Euro RM'000	RMB RM'000	GBP RM'000	JPY RM'000	
Group							
Functional currency of Group entities							
2025							
RM	10,327	82,286	1,160	4	4,619	-	98,396
Indonesian Rupiah ["IDR"]	91	-	-	-	-	-	91
SGD	(6,962)	-	(2,955)	(1,282)	-	-	(11,199)
RMB	40	-	-	-	-	-	40
GBP	138	-	-	-	-	-	138
	3,634	82,286	(1,795)	(1,278)	4,619	-	87,466
2024							
RM	179,132	83,886	3,575	8,882	4,587	14,548	294,610
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

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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				
2025				
RM	-	82,286	4,619	86,905
2024				
RM	159,471	84,006	4,567	248,044

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD	114	7,099	-	6,060
SGD	3,127	3,190	3,127	3,192
Euro	(79)	12	-	-
RMB	(53)	187	-	-
GBP	176	174	176	174
JPY	-	553	-	-

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.

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	1 - 5	Notional amount RM'000	Fair value	
		year RM'000	years RM'000		Assets RM'000	(Liabilities) RM'000
Group						
2025						
Designated as fair value through profit or loss						
Receivables hedge	USD	10,447	-	10,447	80	-
Payables hedge	USD/JPY/Euro/RMB	97,988	-	97,988	-	(1,426)
Borrowings hedge	Euro	609	-	609	-	(3)
Firm commitment hedge	USD	408,852	-	408,852	548	(1,849)
		517,896	-	517,896	628	(3,278)
Designated as cash flow hedges						
Borrowings hedge	USD	-	244,000	244,000	-	(34,974)
		517,896	244,000	761,896	628	(38,252)

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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 RM'000	(Liabilities) RM'000
Group (continued)						
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)

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							
2025							
<i>Non-derivative financial liabilities</i>							
Borrowings							
Term loans	1,458,959	2.00 - 5.04	1,570,460	326,219	384,321	674,012	185,908
Revolving credits	760,513	3.00 - 4.84	767,685	767,685	-	-	-
Bankers' acceptances	220,032	3.26 - 4.66	225,109	225,109	-	-	-
Trust receipts	71,365	2.50 - 3.31	73,228	73,228	-	-	-
Medium term notes	4,422,500	4.29 - 4.42	4,862,005	993,788	1,402,570	2,465,647	-
Lease liabilities	135,845	2.13 - 7.30	206,228	28,930	17,808	34,480	125,010
Deposits received	25,201	2.79 - 4.52	26,652	12,156	5,246	8,230	1,020
Trade and other payables	1,216,523	-	1,216,523	1,216,523	-	-	-
	8,310,938		8,947,890	3,643,638	1,809,945	3,182,369	311,938
<i>Derivative financial liabilities</i>							
Designated as hedging instruments							
Cash flow hedges	34,974	-	34,974	2,099	3,847	26,056	2,972
Not designated as hedging instruments							
Forward currency contracts	3,278	-	3,278	3,278	-	-	-
	38,252		38,252	5,377	3,847	26,056	2,972
	8,349,190		8,986,142	3,649,015	1,813,792	3,208,425	314,910

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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)							
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	-	-	-
	<u>8,594,069</u>		<u>9,493,434</u>	<u>3,980,344</u>	<u>1,200,381</u>	<u>3,824,181</u>	<u>488,528</u>
<i>Derivative financial liabilities</i>							
Designated as hedging instruments							
Cash flow hedges	17,108	-	17,108	-	1,026	9,153	6,929
Not designated as hedging instruments							
Forward currency contracts	828	-	828	828	-	-	-
	<u>17,936</u>		<u>17,936</u>	<u>828</u>	<u>1,026</u>	<u>9,153</u>	<u>6,929</u>
	<u>8,612,005</u>		<u>9,511,370</u>	<u>3,981,172</u>	<u>1,201,407</u>	<u>3,833,334</u>	<u>495,457</u>

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					
2025					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	27	4.44	29	18	11
Trade and other payables	2,599	-	2,599	2,599	-
Amount due to a subsidiary	587	4.15	611	611	-
	<u>3,213</u>		<u>3,239</u>	<u>3,228</u>	<u>11</u>
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>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 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.

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				
2025				
Not past due	1,281,112	-	(5,688)	1,275,424
Past due 1 – 30 days	218,060	(101)	(698)	217,261
Past due 31 – 90 days	452,089	(96,482)	(437)	355,170
Past due more than 90 days	132,919	(34,417)	(3,383)	95,119
	2,084,180	(131,000)	(10,206)	1,942,974
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

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 RM6,109,575,000 (2024: RM6,236,669,000) 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

31 DECEMBER 2025

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 RM13,834,000 (2024: RM17,704,000) for the Group and RM856,000 (2024: RM2,467,000) 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	
	2025 RM'000	2024 RM'000
Borrowings (Note 22)	6,933,369	7,156,792
Money market deposits (Note 17)	(1,382,835)	(1,769,613)
Cash and bank balances (Note 18)	(1,753,676)	(1,880,151)
Net borrowings	3,796,858	3,507,028
Total equity excluding intangible assets	9,324,951	9,356,847
Net debt-to-equity ratio (times)	0.41	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

31 DECEMBER 2025

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	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company:					
Datuk Edward Lee Ming Foo, JP	Rental expenses	-	(41)	-	-
Director of subsidiary	Sales of accommodation, food and beverage	8	-	-	-
Firm connected to Datuk Edward Lee Ming Foo, JP, a director of the Company:					
Corporated International Consultants Sdn Bhd	Engineering consultancy fee	(293)	(1,414)	-	-
Incorporated Consortium Sdn Bhd	Project management fee	(863)	(701)	-	-
Firm in which Datuk Simon Shim Kong Yip, JP, a director of the Company, has interest:					
Shim Pang & Co	Legal fees	(453)	(464)	-	-
	Servicing of motor vehicles	3	12	-	-
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company ^	Advisory fees	(5,750)	(5,700)	(5,750)	(5,700)

^ 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

31 DECEMBER 2025

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Companies in which directors of subsidiaries have interests	Sale of products	921	507	-	-
	Rental income	689	694	-	-
	Property management fee	(1,097)	(799)	-	-
	Project management fee	634	620	-	-
	Software implementation and subscription fee	(78)	(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	35,325	41,677	-	-
	Rental income	-	1	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 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	Sales of accommodation, food and beverage	1	-	-	-
	Sale of products	96	465	-	-
	Handling fees	1,015	1,058	-	-
	Administration fees	260	233	-	-
	Rental income	138	233	-	-
	Management services income	704	-	-	-
	Rental expenses	(16,428)	(13,450)	-	-
	Administrative charges	(39)	(42)	-	-
	Utilities and maintenance charges	(43)	(42)	-	-
	Quarry tribute	(2,006)	(1,602)	-	-
	Dividend paid	(12,309)	(12,309)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Gek Poh (Holdings) Sdn Bhd and its subsidiaries	Rental income	185	185	-	-
	Sale of products	1,463	42	-	-
	Utilities and maintenance income	7	7	-	-
	Handling fees	1,097	1,406	-	-
	Project management fee	1,724	1,722	-	-
	Car usage charges	26	-	-	-
	Sales of accommodation, food and beverage	14	-	-	-
	Management services income	69	-	-	-
	Insurance premiums *	(15,300)	(15,075)	(172)	(170)
	Rental expenses	(485)	(28)	-	-
	Purchase of products	(95)	-	-	-
	Accommodation, food and beverage	(4)	-	-	-
	Associates	Sale of products	-	270	-
Service charge		552	1,325	-	-
Plantation management fee income		257	257	-	-
Dividend income		-	-	3,771	4,717
Joint ventures	Sale of products	5,172	1,718	-	-

* This relates to insurance premiums paid/payable via a related company acting as an insurance agent.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

43. RELATED PARTIES (CONTINUED)

(a) Related party transactions (continued)

Related parties	Transactions	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Subsidiaries	Dividend income	-	-	704,202	692,744
	Interest income	-	-	552	-
	Servicing of motor vehicles	-	-	(153)	(198)
	Rental expenses	-	-	(29)	(20)
	Management fees	-	-	(77)	(98)
	Car usage charges	-	-	(1,426)	(1,437)
	Accommodation, food and beverage	-	-	(34)	(6)
	Interest expense	-	-	(6,001)	(23,380)

Compensation to key management personnel is as disclosed in Note 32.

(b) Balances with related parties

Amount due (to)/from	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Corporated International Consultants Sdn Bhd	(114)	(1,045)	-	-
Incorporated Consortium Sdn Bhd	(75)	(43)	-	-
Shim Pang & Co	(62)	(24)	-	-
Companies in which directors of subsidiaries have interests	444	327	-	-
Samling Strategic Corporation Sdn Bhd Group	7,272	8,042	-	-
Lei Shing Hong Limited Group	1,212	150	-	-
Gek Poh (Holdings) Sdn Bhd and its subsidiaries	266	(94)	-	-
Associates	2,305	73,104	-	-
Joint ventures	1,583	350	-	-
Subsidiaries	-	-	(45)	(1,824)

The above balances arose from recurrent related party transactions of revenue or trading nature.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

44. SIGNIFICANT EVENTS DURING THE YEAR

- (a) On 3 January 2025, *Malaysian Mosaics Sdn Bhd disposed of its entire registered and paid-up capital of USD580,000 in MML (Shanghai) Trading Co., Ltd ["MML Shanghai"] to Hafary Shanghai Pte Ltd, a wholly-owned subsidiary of Hafary Holdings Limited ["Hafary"], a 50.82%-owned listed subsidiary of the Company at a cash consideration RMB15,000,000. With the disposal, MML Shanghai has become a wholly-owned subsidiary of Hafary.
- (b) On 29 May 2025, Marble Trends Pte Ltd ["Marble Trends"], a wholly-owned subsidiary of Hafary, was struck off from Accounting and Corporate Regulatory of Singapore ["ACRA"]. Marble Trends, incorporated in Singapore on 11 April 2013 as a private limited company, was principally involved in the dealings of stones for home furnishing. It became dormant since 1 January 2020.
- (c) On 5 June 2025, *HSC Manchester Holding Pte Ltd ["HSC Manchester"] was struck off from ACRA. HSC Manchester, incorporated in Singapore on 25 October 2019 as a private limited company, was principally involved in investment holding. It became dormant since 16 December 2024.
- (d) On 3 July 2025, *Hap Seng Land Development Sdn Bhd incorporated a wholly-owned subsidiary namely, Sunrise Westland Sdn Bhd ["Sunrise Westland"], with an issued share capital of RM1.00 comprising 1 ordinary share. Sunrise Westland is principally involved in the operation of water theme park.
- (e) On 8 October 2025, *Hap Seng Land Development Sdn Bhd completed the acquisition of the remaining 300,000 ordinary shares representing 30% shareholding of Sierra Positive Sdn Bhd ["Sierra Positive"] from Zalhin Development Sdn Bhd for a cash consideration of RM300,900. With the completion of the said acquisition, Sierra Positive has become a wholly-owned subsidiary of the Company.

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

45. SUBSEQUENT EVENTS

- (a) On 23 December 2021, *Positive Sunland Sdn Bhd ["Positive Sunland"], entered into a conditional sale and purchase agreement ["Platinum Park SPA"] to acquire from, Sovereign Towers Sdn Bhd ["Sovereign Towers"], the wholly-owned subsidiary of Naza Corporation Holdings Sdn Bhd ["NCH"], the beneficial proprietor, and Profound Reliance Sdn Bhd, the 70%-owned subsidiary of NCH ["Profound Reliance"], the registered proprietor, all that parcel of vacant commercial land known as Plot No. 5, Lorong Kuda, Platinum Park, Kuala Lumpur identified as Lot No. 387, Seksyen 63 held under Title No. Geran 71978, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 74,346 sq. ft. ["Platinum Park Land"] for a cash consideration of RM265,786,950 ["Platinum Park Acquisition Consideration"]. Upon execution of the Platinum Park SPA, 10% of the Platinum Park Acquisition Consideration ["Platinum Park Deposit"] was paid to Sovereign Towers ["Proposed Platinum Park Acquisition"]. Completion of the Proposed Platinum Park Acquisition is conditional upon the approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia ["EPU Approval"] to be obtained on or before 22 September 2026 due to various extensions of time mutually agreed in writing by the parties thereto ["Platinum Park Conditional Period"].

45. SUBSEQUENT EVENTS (CONTINUED)

(a) (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.

- (b) On 3 March 2026, the dissolution of *Hap Seng Land Development (JTR) Sdn Bhd ["HSLD (JTR)"] was completed. HSLD (JTR) was incorporated on 19 June 2007 as a private limited company. HSLD (JTR) was principally involved in property development and had commenced its members' voluntary winding up on 30 November 2021.

* *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 UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not raise any proceeds from corporate proposal during the financial year.

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 2025, and/or entered into since 31 December 2024.

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 2025 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 26 May 2026.

ADDITIONAL INFORMATION

4. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

	Group	
	2025 RM'000	2024 RM'000
Total Income		
Revenue	5,107,149	5,630,715
Other income	233,362	261,123
Share of result of associates	29,983	26,410
Share of result of joint ventures	2,480	2,683
Total	5,372,974	5,920,931
Total Assets	18,672,817	19,035,525

(B) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM'000	2024 RM'000
Conventional banking & finance and related services		104,134	128,221
Dividend income received from conventional shares and instruments		4,557	4,564
Gain from investment in conventional instruments		38,381	37,990
Insurance income		1,572	601
Interest income		60,210	55,376
Liquor and liquor-related activities		4,667	1,758
Rental income received from tenant involved in Shariah non-compliant activities		18,242	18,241
Other Shariah non-compliant activities	Share of result of associates	11,308	8,952
Total		243,071	255,703

ADDITIONAL INFORMATION

4. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONTINUED)

(C) Component of Financial Position

(i) Cash Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Account/Instruments		
Cash at banks (exclude cash in hand)	22,742	26,400
Cash held under Islamic Housing Development Accounts	1	1
Cash in hand	266	655
Deposits with licensed banks	-	202,014
Money market instruments	62,464	583,083
Total	85,473	812,153
Conventional Account/Instruments		
Cash at banks (exclude cash in hand)	1,549,870	1,197,537
Cash held under Conventional Housing Development Accounts	24,152	23,009
Deposits with licensed banks	156,645	430,535
Money market instruments	1,320,371	1,186,530
Total	3,051,038	2,837,611

ADDITIONAL INFORMATION

4. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONTINUED)

(C) Component of Financial Position (continued)

(ii) Debt Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Financing		
Current		
Bankers' acceptances	7,000	-
Revolving credits	25,000	10,000
Total	32,000	10,000
Conventional Borrowing		
Current		
Bankers' acceptances	213,032	129,958
Hire purchase payables	794	830
Medium term notes	815,000	1,132,500
Revolving credits	735,513	775,147
Term loans	290,091	254,771
Trust receipts	71,365	60,009
Non-Current		
Hire purchase payables	494	1,331
Medium term notes	3,607,500	3,522,500
Term loans	1,168,868	1,271,907
Total	6,902,657	7,148,953

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 31/12/2025 RM'000
MALAYSIA							
KUALA LUMPUR							
Lot PT 50086, Mukim Batu, Kuala Lumpur.	36,220 m ²	KL Midtown Mixed Development	December 2018/ December 2025	Freehold	-	1	2,056,012
Lot PT 50386, Mukim Batu, Kuala Lumpur.	61,425 m ²	Land held for development	January 2022	Freehold	-	-	1,106,257
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	-	2	418,910
Lot 11383, Seksyen 57, Jalan P. Ramlee, Kuala Lumpur.	4,376 m ²	Menara Hap Seng 2 31-storey office building	September 2025	Freehold	-	12	373,515
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	September 2025	Freehold	-	24 - 34	342,900
Lot PT 118, Seksyen 57, Jalan P. Ramlee, Kuala Lumpur.	2,728 m ²	Menara Hap Seng 3 26-storey office building	December 2025	Freehold	-	6	317,680
Lot 387, Seksyen 63, Jalan Stonor, Kuala Lumpur.	6,907 m ²	Land held for development	December 2021	Freehold	-	-	308,275
SABAH							
KOTA KINABALU							
Mile 13, Jalan Tuaran, Menggatal, Kota Kinabalu.	585,188 m ²	Land held for development	July 2019	Leasehold 999 years	2905	-	336,189

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 31/12/2025 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	1 - 57	} 891,484
Tabin Estate	3,055 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076/ 2093/2096/ 2097/2098	4 - 40	
Tagas Estate	2,010 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2067/2076	2 - 49	
Litang Estate	1,571 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years/ 999 years	2076/2091/ 2887/2900	7 - 40	
Sungai Segama Estate	5,174 ha	Oil palm plantation and buildings Plantation Central Office and Clubhouse	January 2017	Leasehold 99 years	2089	1 - 30	
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 - 30	

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 31/12/2025 RM'000
MALAYSIA							
SABAH							
KINABATANGAN, LAHAD DATU (CONTINUED)							
Batangan Estate	3,633 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	2 - 43	} 522,174
Lutong Estate	2,448 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078/2098/ 2099	4 - 34	
Lokan Estate	3,155 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	5 - 29	
Kapis Estate	2,681 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	1 - 39	
		Jeroco Palm Oil Mill I and II					
Lungmanis Estate	2,200 ha	Oil palm plantation and buildings	January 2017	Leasehold 99 years	2078	3 - 28	

PLANTATION STATISTICS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2025	2024	2023	2022	2021
CROP PRODUCTION - TONNES					
FFB	613,502	649,070	637,719	583,943	593,279
PROCESSED - TONNES					
FFB - own	598,479	632,017	619,914	566,026	575,440
FFB - purchased	70,189	79,648	89,950	75,225	76,465
Palm Oil	136,055	146,595	147,318	130,510	133,284
Palm Kernel	28,915	32,182	33,788	29,450	30,286
EXTRACTION RATE - %					
Palm Oil	20.35	20.60	20.75	20.35	20.45
Palm Kernel	4.32	4.52	4.76	4.59	4.65
MATURE AREA - HECTARES					
Oil Palm					
30 months to 7 years	3,826	3,980	4,577	4,941	4,933
> 7 years to 17 years	12,603	12,566	11,394	11,164	10,279
> 17 years onwards	16,168	15,730	16,396	16,030	17,224
Total mature area	32,597	32,276	32,367	32,135	32,436
AVERAGE YIELD TONNES/HECTARE					
FFB yield per mature hectare	18.82	20.11	19.70	18.17	18.29
Oil per mature hectare	3.83	4.14	4.09	3.70	3.74
AVERAGE SELLING PRICE RM/TONNE					
FFB	797	737	638	934	856
Palm Oil	4,445	4,309	3,942	5,530	4,432
Palm Kernel	3,534	2,810	2,154	3,278	2,952

PLANTATION STATISTICS

AREA SUMMARY (HECTARES) AS AT 31 DECEMBER 2025

	River Estates Group	Jeroco Group	Pelipikan	* Kota Marudu	Total
Oil Palm					
Mature	18,387	12,722	903	585	32,597
Immature	2,782	-	-	-	2,782
Total Oil Palm	21,169	12,722	903	585	35,379
Other crops	60	86	-	-	146
Total planted area	21,229	12,808	903	585	35,525
Reserve plantable	27	5	-	81	113
Building, road, reserves, etc	2,109	1,304	462	142	4,017
Total	23,365	14,117	1,365	808	39,655

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

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

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	:	16,111

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	*No. of Shares Held	% of Issued Shares
1 to 99	506	3.14	7,821	#
100 to 1,000	3,684	22.86	2,416,181	0.10
1,001 to 10,000	8,347	51.81	37,550,886	1.51
10,001 to 100,000	3,227	20.03	95,226,363	3.82
100,001 to less than 5% of issued shares	344	2.14	425,296,261	17.08
5% & above of issued shares	3	0.02	1,929,172,071	77.49
Total	16,111	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)	369,712,949	14.85
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. MBSB Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Naza Corporation Holdings Sdn Bhd	63,000,000	2.53
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	0.54
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 31 MARCH 2026

No.	Shareholding	% ⁽³⁾
12. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 19)	7,976,000	0.32
13. H'ng Poh Gin	7,541,800	0.30
14. Rengo Malay Estate Sendirian Berhad	4,032,000	0.16
15. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity 2 Portfolio of DFA Investment Dimensions Group Inc	3,987,219	0.16
16. Bidor Tahan Estates Sdn Bhd	3,780,000	0.15
17. MBSB Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Naza Corporation Holdings Sdn Bhd	2,678,918	0.11
18. Gemas Bahru Estates Sdn Bhd	2,243,000	0.09
19. Neoh Choo Ee & Company, Sdn Berhad	2,058,600	0.08
20. Chinchoo Holdings (S) Private Limited	2,041,200	0.08
21. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Emerging Markets Small Capitalization Equity Index Nonlendable Fund	1,885,800	0.08
22. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN For Barclays Capital Securities Ltd	1,707,100	0.07
23. HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC for Abu Dhabi Investment Authority	1,703,239	0.07
24. Cartaban Nominees (Asing) Sdn Bhd - BNYM SA/NV for Ishares Public Limited Company	1,533,200	0.06
25. Tan Bee Guat	1,513,200	0.06
26. Chu Ah Kim @ Chow Sin Thiam	1,500,000	0.06
27. Lee Chee Hai	1,466,200	0.06
28. Raymond Liew Tung Fei	1,260,000	0.05
29. Chan Kim Sendirian Berhad	1,210,000	0.05
30. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Win Kee	1,160,000	0.05
Total	2,272,633,000	91.28

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

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	295,772,687	11.88	-	-
- Exempt AN for Lei Shing Hong Securities Limited (Clients A/C for An Soon Unity Incorporated)				
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 31 MARCH 2026

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 31 March 2026, 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 50th 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 Tuesday, 26 May 2026 at 10am to transact the following:-

AGENDA

ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2025 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) Mr. Thomas Karl Rapp

Resolution 1

(b) Mr. Tan Boon Peng

Resolution 2

3. To approve payment of directors' fees of the Company and its subsidiary amounting to RM909,513.00 for the financial year ended 31 December 2025. *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 28 April 2026, 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 2025; 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
28 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes to the Agenda:-

1. 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.
2. 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.
3. During the financial year ended 31 December 2025, 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 (including the retiring 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.
4. 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 total directors' fees of RM909,513.00 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.

5. 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:-
 - (a) their performance and quality of work;
 - (b) experience and competency of professional staff assigned to the audit;
 - (c) adequacy of resources;
 - (d) independence throughout the conduct of the audit engagement; and
 - (e) 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.

6. 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 28 May 2025, which authority shall lapse at the conclusion of this AGM.

NOTICE OF ANNUAL GENERAL MEETING

- 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 28 April 2026 which is issued together with the Company's 2025 Annual Report.

- 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 28 April 2026 which is issued together with the Company's 2025 Annual Report.*

Notes to the notice of AGM:-

- 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 19 May 2026.*
- 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.*
- 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.*
- 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 50TH 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 50th 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 50th 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 50th 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 Tuesday, 26 May 2026 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 2025 together with the reports of directors and auditors.

ORDINARY BUSINESS

		FOR	AGAINST
2. To re-elect Mr. Thomas Karl Rapp as director of the Company.	Resolution 1		
3. To re-elect Mr. Tan Boon Peng 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 _____ 2026

 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 19 May 2026.*
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.*

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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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