

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2015**

	Quarter ended		Year ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000 (Audited)
Revenue	1,081,895	983,267	4,393,338	3,768,049
Operating expenses	(981,863)	(852,147)	(3,793,638)	(3,001,413)
Other operating income	35,347	121,343	92,287	323,511
Operating profit	135,379	252,463	691,987	1,090,147
Financing costs	(33,285)	(18,027)	(116,752)	(79,958)
Other non-operating item	(2,161)	-	506,637	-
Share of results of associates and joint venture	18,304	2,696	35,724	14,436
Profit before tax	118,237	237,132	1,117,596	1,024,625
Tax expense	(22,250)	(31,416)	(148,211)	(208,299)
Profit for the period	95,987	205,716	969,385	816,326
Profit attributable to:				
Owners of the Company	77,439	188,427	908,473	753,467
Non-controlling interests	18,548	17,289	60,912	62,859
	95,987	205,716	969,385	816,326
Earnings per share (sen)				
Basic	3.59	8.78	42.26	36.67
Diluted	3.33	8.15	39.28	34.30

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2015**

	Quarter ended		Year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	95,987	205,716	969,385	816,326
Other comprehensive income/(expense), net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(1,611)	5,242	33,070	5,388
Share of foreign currency translation differences of associates	(1,779)	2,590	6,205	3,077
Change in fair value of cash flow hedge	18,883	1,657	(254)	4,155
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	(11,600)	-
	15,493	9,489	27,421	12,620
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of property, plant and equipment upon transfer of properties to investment properties	169	13,251	3,750	13,251
Total other comprehensive income for the period	15,662	22,740	31,171	25,871
Total comprehensive income for the period	111,649	228,456	1,000,556	842,197
Total comprehensive income attributable to:				
Owners of the Company	95,251	211,167	922,282	779,338
Non-controlling interests	16,398	17,289	78,274	62,859
	111,649	228,456	1,000,556	842,197

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 DECEMBER 2015

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000 <i>(Restated)</i>
Non-current assets		
Property, plant and equipment	1,560,950	1,060,889
Prepaid lease payments	25,289	10,976
Biological assets	442,104	441,031
Investment properties	1,380,262	1,011,578
Investment in associates	420,875	381,597
Investment in joint venture	965	-
Land held for property development	674,049	368,200
Intangible assets	91,675	36,736
Receivables	1,276,833	1,111,992
Other non-current financial assets	109,709	46,802
Deferred tax assets	19,518	12,594
	<hr/> 6,002,229	<hr/> 4,482,395
Current assets		
Inventories	828,313	533,890
Property development costs	716,875	658,616
Receivables	1,844,705	1,527,807
Tax recoverable	13,027	17,224
Other current financial assets	101,408	64,878
Money market deposits	98,636	183,690
Cash and bank balances	426,323	317,068
	<hr/> 4,029,287	<hr/> 3,303,173
TOTAL ASSETS	<hr/> 10,031,516	<hr/> 7,785,568



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (Continued) AS AT 31 DECEMBER 2015

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000 <i>(Restated)</i>
Equity attributable to owners of the Company		
Share capital	2,249,731	2,226,779
Reserves	2,282,821	1,972,802
	<u>4,532,552</u>	<u>4,199,581</u>
Less: Treasury shares	(289,904)	(247,806)
	4,242,648	3,951,775
Non-controlling interests	598,746	433,867
TOTAL EQUITY	<u>4,841,394</u>	<u>4,385,642</u>
Non-current liabilities		
Borrowings	1,860,147	735,070
Deferred tax liabilities	204,944	183,235
Payables and provisions	14,033	5,249
	<u>2,079,124</u>	<u>923,554</u>
Current liabilities		
Payables and provisions	745,048	529,579
Tax payable	34,161	62,991
Borrowings	2,331,789	1,883,802
	<u>3,110,998</u>	<u>2,476,372</u>
TOTAL LIABILITIES	<u>5,190,122</u>	<u>3,399,926</u>
TOTAL EQUITY AND LIABILITIES	<u>10,031,516</u>	<u>7,785,568</u>
Net assets per share (RM)	1.97	1.85
Based on number of shares net of treasury shares ('000)	2,156,672	2,137,597

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 January 2015	2,226,779	429,255	1,543,547	(247,806)	3,951,775	433,867	4,385,642
Profit for the period	-	-	908,473	-	908,473	60,912	969,385
Total other comprehensive income for the period	-	13,809	-	-	13,809	17,362	31,171
Total comprehensive income for the period	-	13,809	908,473	-	922,282	78,274	1,000,556
Share-based payments of subsidiary	-	184	-	-	184	177	361
Exercise of warrants	22,952	14,918	-	-	37,870	-	37,870
Changes in ownership interest in subsidiary	-	-	(8,332)	-	(8,332)	(5,620)	(13,952)
Acquisition of subsidiary	-	-	-	-	-	128,322	128,322
Purchase of treasury shares	-	-	-	(68,355)	(68,355)	-	(68,355)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(10)	(10)
Resale of treasury shares	-	26,897	-	26,257	53,154	-	53,154
Dividends	-	-	(645,930)	-	(645,930)	-	(645,930)
Dividends paid to non-controlling interests	-	-	-	-	-	(36,264)	(36,264)
At 31 December 2015	2,249,731	485,063	1,797,758	(289,904)	4,242,648	598,746	4,841,394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 January 2014	2,205,709	122,809	1,404,091	(378,735)	3,353,874	414,913	3,768,787
Profit for the period	-	-	753,467	-	753,467	62,859	816,326
Total other comprehensive income for the period	-	25,871	-	-	25,871	-	25,871
Total comprehensive income for the period	-	25,871	753,467	-	779,338	62,859	842,197
Exercise of warrants	81,070	52,697	-	-	133,767	-	133,767
Changes in ownership interest in subsidiaries	-	-	(233)	-	(233)	6,335	6,102
Purchase of treasury shares	-	-	-	(283,756)	(283,756)	-	(283,756)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(728)	(728)
Resale of treasury shares	-	192,920	-	299,449	492,369	-	492,369
Cancellation of treasury shares	(60,000)	34,958	(90,194)	115,236	-	-	-
Dividends	-	-	(523,584)	-	(523,584)	-	(523,584)
Dividends paid to non-controlling interests	-	-	-	-	-	(49,512)	(49,512)
At 31 December 2014 (Audited)	2,226,779	429,255	1,543,547	(247,806)	3,951,775	433,867	4,385,642

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Year ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,117,596	1,024,625
Adjustments for:		
Non-cash items	134,701	(96,204)
Non-operating items	(545,797)	(111,480)
Dividend income	(7,415)	(4,243)
Net interest expense	103,812	67,598
Operating profit before working capital changes	802,897	880,296
Net changes in working capital	(175,291)	(43,928)
Net changes in loan receivables	(510,103)	(231,289)
Net tax paid	(193,498)	(182,331)
Net interest paid	(103,812)	(67,598)
Additions to land held for property development	(372,195)	(58,091)
Net cash flows (used in)/generated from operating activities	(552,002)	297,059
Cash flows from investing activities		
Dividends received from associates and joint venture	13,717	12,168
Dividends received from available-for-sale equity instruments	-	1,200
Dividends received from held for trading equity instruments	2,114	-
Dividends received from money market deposits	4,101	3,043
Decrease/(Increase) in money market deposits	85,054	(133,494)
Acquisition of shares from non-controlling interests	(13,952)	-
Acquisition of subsidiaries net of cash acquired	(127,328)	-
Disposal of subsidiaries net of cash disposed	635,593	-
Proceeds from issuance of shares to non-controlling interests	-	6,100
Proceeds from disposal of property, plant and equipment	9,097	147,905
Proceeds from disposal of investment properties	-	6,658
Proceeds from disposal of held for trading equity instruments	31,034	-
Purchase of property, plant and equipment	(166,317)	(130,353)
Purchase of held for trading equity instruments	(720)	(34,577)
Purchase of available-for-sale equity instruments	-	(12)
Additions to prepaid lease payments	(31)	-
Additions to biological assets	(1,255)	(5,461)
Additions to investment properties	(408,439)	(131,947)
Net cash flows generated from/(used in) investing activities	62,668	(258,770)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Year ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(682,194)	(733,530)
Net drawdown of borrowings	1,252,953	92,877
Proceeds from issuance of shares pursuant to the exercise of warrants	37,870	133,767
Proceeds from resale of treasury shares	53,154	492,369
Shares repurchase at cost	(68,365)	(284,484)
Net cash flows generated from/(used in) financing activities	<u>593,418</u>	<u>(299,001)</u>
Net increase/(decrease) in cash and cash equivalents	104,084	(260,712)
Effects on exchange rate changes	3,854	956
Cash and cash equivalents at beginning of the period	<u>313,792</u>	<u>573,548</u>
Cash and cash equivalents at end of the period	<u><u>421,730</u></u>	<u><u>313,792</u></u>

Cash and cash equivalents comprise the following amounts:

Deposits with licensed banks	191,726	160,675
Cash in hand and at bank	234,597	156,393
Bank overdrafts	(4,593)	(3,276)
	<u>421,730</u>	<u>313,792</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134, Interim Financial Reporting

1. Basis of preparation

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad [“Bursa Securities”], and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014.

2. Significant accounting policies

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2014, except for:

- (a) changes arising from the adoption of IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2014 which do not have material impact on the financial statements of the Group on the initial adoption; and
- (b) certain short term leasehold land previously classified as property, plant and equipment and depreciated in accordance with MFRS 116 Property, Plant and Equipment have been reclassified on a retrospective basis as prepaid lease payments and amortised in accordance with MFRS 117 Leases and the comparatives as at 31 December 2014 have been restated as follows:

	As previously stated RM’000	Reclassification RM’000	As restated RM’000
Property, plant and equipment	1,071,865	(10,976)	1,060,889
Prepaid lease payments	-	10,976	10,976

Malaysian Financial Reporting Standards [“MFRS”]

On 19 November 2011, the Malaysian Accounting Standards Board [“MASB”] issued a new MASB approved accounting framework, the MFRS framework, to be adopted by non-private entities for annual periods beginning on or after 1 January 2012. However, adoption of the MFRS framework by entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer [“Transitioning Entities”] will only be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS framework. Accordingly, the Group’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the MFRS and International Financial Reporting Standards. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

3. Comments on the seasonality or cyclicity of operations

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

- (a) The performances of the Group's Property Development Division and Quarry and Building Materials Division were influenced by the slowdown in construction activities in the first quarter attributed to the timing of seasonal festive period.
- (b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

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

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

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

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

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

- (a) Issuance of shares pursuant to the exercise of warrants

During the current quarter, 2,099,407 warrants were exercised which resulted in 2,099,407 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Accordingly, a total of 22,951,656 warrants have been exercised during the financial year and the issued and paid-up share capital of the Company increased to RM2,249,731,137 comprising 2,249,731,137 ordinary shares of RM1.00 each. As at 31 December 2015, 241,019,163 warrants remained unexercised.

Subsequent to the end of the financial year and up to 18 February 2016, a total of 414,396 warrants were exercised which resulted in 414,396 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. The issued and the paid-up share capital of the Company increased to RM2,250,145,533 comprising 2,250,145,533 ordinary shares of RM1.00 each. As at the date hereof, 240,604,767 warrants remained unexercised.

The warrants shall expire with effect from 9 August 2016.

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6. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities (continued)**

(b) Share buyback and resale of treasury shares by the Company

During the current quarter, 2,062,000 shares were bought back and 8,618,700 treasury shares were resold. There was no cancellation of treasury shares during the current quarter. Accordingly, a total of 12,495,200 shares were bought back and 8,618,700 treasury share were resold during the financial year. All shares bought back were retained as treasury shares. The monthly breakdown of shares bought back and treasury shares resold during the current quarter were as follows:

Shares buyback

Month	No of shares repurchased	Purchase price per share		Average cost per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2015	-	-	-	-	-
November 2015	200,000	6.08	6.15	6.1395	1,227,890.10
December 2015	1,862,000	6.02	6.25	6.1466	11,444,969.22
Total	2,062,000	6.02	6.25	6.1459	12,672,859.32

Resale of treasury shares

Month	No of shares resold	Resale price per share		Average net resale price per share	Total consideration
		Lowest	Highest		
		RM	RM	RM	RM
October 2015	8,048,700	6.04	6.34	6.1458	49,465,390.68
November 2015	570,000	6.47	6.59	6.4722	3,689,125.73
December 2015	-	-	-	-	-
Total	8,618,700	6.04	6.59	6.1673	53,154,516.41

As at 31 December 2015, the Company held 93,058,900 ordinary shares as treasury shares and the issued and paid up share capital of the Company was RM2,249,731,137 comprising 2,249,731,137 ordinary shares of RM1.00 each.

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7. Dividends

The dividends paid out of shareholders' equity for ordinary shares during the financial year and preceding year were as follows:

	Year ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2014:		
- first interim (10 sen) under the single tier system approved by the Directors on 28 May 2014 and paid on 22 July 2014	-	199,984
- second interim (15 sen) under the single tier system approved by the Directors on 26 November 2014 and paid on 23 December 2014	-	323,600
Dividend in respect of financial year ended 31 December 2015:		
- first interim (10 sen) under the single tier system approved by the Directors on 26 May 2015 and paid on 23 June 2015	215,318	-
- special interim (10 sen) under the single tier system approved by the Directors on 26 August 2015 and paid on 30 September 2015	214,948	-
- second interim (10 sen) under the single tier system approved by the Directors on 25 November 2015 and paid on 22 December 2015	215,664	-
	<u>645,930</u>	<u>523,584</u>

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8. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Current quarter ended 31 December 2015</u>										
Revenue										
External revenue	120,203	141,800	41,531	309,811	185,330	68,115	215,105	-	-	1,081,895
Inter-segment revenue	-	29,967	1,885	2,323	11,632	18,204	14,508	45	(78,564)	-
Total revenue	120,203	171,767	43,416	312,134	196,962	86,319	229,613	45	(78,564)	1,081,895
Operating profit	38,707	74,070	32,411	5,817	2,678	2,004	13,166	(6,475)	(26,999)	135,379
Financing costs										(33,285)
Other non-operating item										(2,161)
Share of results of associates and joint venture										18,304
Profit before tax										118,237
<u>Preceding year quarter ended 31 December 2014</u>										
Revenue										
External revenue	126,727	253,625	36,276	212,541	167,957	86,081	100,060	-	-	983,267
Inter-segment revenue	-	2,600	1,046	1,351	9,592	1,793	16,743	-	(33,125)	-
Total revenue	126,727	256,225	37,322	213,892	177,549	87,874	116,803	-	(33,125)	983,267
Operating profit	50,608	117,074	28,805	4,332	35,950	4,415	16,138	(7,712)	2,853	252,463
Financing costs										(18,027)
Share of results of associates										2,696
Profit before tax										237,132

8. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 December 2015										
Revenue										
External revenue	434,875	777,973	159,087	1,164,573	852,482	284,255	720,093	-	-	4,393,338
Inter-segment revenue	-	37,899	7,413	6,291	41,597	52,976	55,720	45	(201,941)	-
Total revenue	434,875	815,872	166,500	1,170,864	894,079	337,231	775,813	45	(201,941)	4,393,338
Operating profit	123,112	360,723	129,878	24,859	30,326	9,306	48,837	4,225	(39,279)	691,987
Financing costs										(116,752)
Other non-operating item										506,637
Share of results of associates and joint venture										35,724
Profit before tax										1,117,596
Segment assets	1,112,382	3,455,742	2,006,470	482,610	466,447	617,428	975,343	460,709	-	9,577,131
Year ended 31 December 2014 (Audited)										
Revenue										
External revenue	495,566	920,794	129,435	677,281	796,409	363,195	385,369	-	-	3,768,049
Inter-segment revenue	-	11,321	4,025	6,749	36,719	7,228	59,958	-	(126,000)	-
Total revenue	495,566	932,115	133,460	684,030	833,128	370,423	445,327	-	(126,000)	3,768,049
Operating profit	178,954	705,336	104,097	10,529	71,077	16,881	23,914	(13,907)	(6,734)	1,090,147
Financing costs										(79,958)
Share of results of associates										14,436
Profit before tax										1,024,625
Segment assets	1,083,204	2,599,889	1,896,567	367,165	413,475	638,846	129,672	245,335	-	7,374,153

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

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

- (a) On 30 January 2015, Hap Seng Star Vietnam Limited ["HSSVL"], an indirect wholly-owned subsidiary of the Company, had been successfully de-registered from the Companies Registry of Hong Kong. HSSVL was incorporated in Hong Kong as a private limited company on 22 December 2008 and had ceased business since 31 December 2012. Prior to the de-registration, HSSVL had an issued and paid-up capital of HKD16,000,000 comprising 16,000,000 ordinary shares of HKD1.00 each.
- (b) On 16 January 2015, Maybank Kim Eng Securities Pte Ltd, for and on behalf of *Hap Seng Investment Holdings Pte Ltd ["HSIH"], made a voluntary conditional cash partial offer to acquire 51% of the ordinary shares [the "Offer Shares"] in the issued share capital of Hafary Holdings Limited ["Hafary"], a company incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited, at 5.00 p.m. (Singapore time) on 30 January 2015, other than those already owned, controlled or agreed to be acquired by HSIH and parties acting in concert with it as at such date, at a cash consideration of SGD 0.24 per Offer Share [the "Partial Offer"].

The Partial Offer had been completed on 23 February 2015 upon settlement of the consideration for the Offer Shares acquired by HSIH on even date. Accordingly, Hafary became a 51% owned subsidiary of HSIH.

- (c) On 16 June 2015, the Company completed the disposal of its 49,600,000 ordinary shares representing the entire issued and paid-up capital of *Hap Seng Capital Pte Ltd to Lei Shing Hong Limited ["LSH"] at a cash consideration of SGD240.00 million which is equivalent to RM640.80 million (based on the agreed currency exchange rate of SGD1.00 to RM2.67) [the "Proposed Disposal"].

On even date, *Hap Seng Realty (KK I) Sdn Bhd completed the acquisition of a purpose-built fourteen (14)-storey retail and office tower block now known as Plaza Shell in the district of Kota Kinabalu, Sabah from Akal Megah Sdn Bhd, a wholly-owned subsidiary of LSH, at a cash consideration of RM395 million [the "Proposed Acquisition"].

The Proposed Disposal and Proposed Acquisition are collectively referred to as the "Proposals".

The Proposals were deemed related party transactions. As at the date of completion hereof, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] is a 37.68% major shareholder of LSH and also a 56% major shareholder and director of Gek Poh (Holdings) Sdn Bhd ["Gek Poh"]. Gek Poh is the holding company of the Company and a 12.42% major shareholders of LSH. Lei Shing Hong Investment Ltd ["LSHI"], a wholly-owned subsidiary of LSH, is also a 16.93% major shareholder of the Company. Hence, both Tan Sri Lau and LSHI were deemed interested in the Proposals.

The Proposed Disposal resulted in a gain of approximately RM508.8 million to the Group.

- (d) On 8 July 2015, *Hap Seng Auto Sdn Bhd transferred 2,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hap Seng Commercial Vehicle Sdn Bhd (*formerly known as Hap Seng Industrial Sdn Bhd*) ["HSCV"] to *Hap Seng Star Sdn Bhd for a cash consideration of RM3,093,000.
- (e) On 6 November 2015, *Hap Seng Credit Sdn Bhd ["HSC"] incorporated a wholly-owned subsidiary in Australia, Hap Seng Credit (Australia) Pty Ltd ["HSCA"]. HSCA has an issued and paid-up share capital of AUD100 comprising 100 ordinary shares and is currently dormant.
- (f) During the financial year, the Company had acquired additional 5,333,500 ordinary shares of RM1.00 each representing approximately 0.66% equity interest in Hap Seng Plantations Holdings Berhad ["HSP"] via the open market, thereby increasing its shareholding in HSP to 53.04%. HSP is the Company's subsidiary listed on Bursa Malaysia Securities Berhad.

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

10. Significant events and transactions

There were no events or transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

11. Events after the interim period

Save for the subsequent events as disclosed in Note 6 above and Note 10 of Part B, events after the financial year and up to 18 February 2016 that have not been reflected in these financial statements are as follows:

- (a) On 20 January 2016, *Hap Seng Land Development Sdn Bhd ["HSLD"] acquired the entire issued and paid-up share capital of Golden Suncity Sdn Bhd ["GSSB"] comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.00. On 29 January 2016, HSLD entered into a shareholders' agreement (SHA) with TTDI KL Metropolis Sdn Bhd ["TTDI KL"], a wholly-owned subsidiary of Naza TTDI Sdn Bhd, and GSSB to regulate their relationship inter-se as shareholders of GSSB based on a shareholding proportion of 70:30.

Simultaneous with the execution of the SHA, GSSB has on even date entered into a development rights agreement ["DRA"] with TTDI KL, pursuant to which TTDI KL as the registered and beneficial proprietor of all that parcel of a leasehold land held under PN52352, Lot 80928, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL measuring 8.95 acres (approximately 389,862 square feet) [the "Land"] has agreed to grant to GSSB, the exclusive rights to develop the Land at the consideration of RM467,834,400. The DRA is expected to be completed within 10 years from the Unconditional Date.

The DRA is currently pending fulfilment of the following conditions precedent ["CPs"] within twelve (12) months from the date of the DRA:

- (i) TTDI KL having obtained the relevant approval and consent from the relevant authorities for the relocation of the existing suction tank and pump house from the Land;
- (ii) TTDI KL having obtained the approval from the State Authority for the charge of the Land in favour of GSSB's financier;
- (iii) TTDI KL having completed the construction of the main sewerage reticulation lines for GSSB to connect from the agreed tapping points to the Land; and
- (iv) GSSB having submitted the application for the development order and shall not have received any material adverse conditions.

The DRA shall become unconditional on the date of the last of the CPs is obtained or waived ["Unconditional Date"].

- (b) On 22 January 2016, the Company completed the acquisition of 2,000,000 ordinary shares representing the entire issued and paid-up share capital in Lei Shing Hong Wood Products Limited from Lei Shing Hong Trading Limited, a wholly-owned subsidiary Lei Shing Hong Limited ["LSH"], at a cash consideration of USD3,215,401 [the "Proposed Acquisition"].

The Proposed Acquisition was deemed a related party transaction. As at the date of completion hereof, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] is a 37.68% major shareholder of LSH and also a 56.00% major shareholder and director of Gek Poh (Holdings) Sdn Bhd ["Gek Poh"]. Gek Poh is the holding company of the Company and a 12.42% major shareholder of LSH. Lei Shing Hong Investment Ltd ["LSHI"], a wholly-owned subsidiary of LSH, is a 13.89% major shareholder of the Company. Hence, Tan Sri Lau is deemed interested in the Proposed Acquisition.

* *HSLD is the Company's wholly-owned subsidiary*



12. Changes in contingent liabilities or contingent assets since the end of the last annual reporting period

Since the end of the last annual reporting period, the Group does not have any contingent liability or contingent asset as at the end of the year which are expected to have an operational or financial impact on the Group.

13. Capital commitments

The Group has the following capital commitments:

	As at	As at
	31.12.2015	31.12.2014
	RM'000	RM'000
Contracted but not provided for	222,131	182,992
Authorised but not contracted for	104,300	215,934
	<u>326,431</u>	<u>398,926</u>

14. Significant related party transactions

During the financial year, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% of the estimated value which had been mandated by the shareholders at the extraordinary general meetings held on 28 May 2014 and 4 June 2015, except for the Proposals as disclosed in Note 9(c) above.

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PART B

Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

The Group revenue for the current quarter at RM1.08 billion was 10% higher than the preceding year corresponding quarter with higher revenue contribution from Credit Financing, Automotive, Fertilizer Trading and Trading Divisions. Group profit before tax ["PBT"] and profit after tax ["PAT"] at RM118.2 million and RM96 million were lower than the preceding year corresponding quarter by 50% and 53% respectively. The lower PBT and PAT were mainly due to lower Group operating profit than the preceding year corresponding quarter which benefitted from gains on disposal of certain non-strategic fixed assets of RM55.1 million and gains from fair value adjustments of investment properties of RM58.2 million.

Plantation Division's revenue at RM120.2 million and operating profit at RM38.7 million were lower than the preceding year corresponding quarter by 5% and 24% respectively. The division's performance was mainly affected by lower sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"], mitigated by the higher average selling price realization of CPO and PK. CPO and PK sales volume at 43,657 tonnes and 12,229 tonnes were lower than the preceding year corresponding quarter by 9% and 3% respectively. The lower sales volume of CPO and PK were attributable to lower fresh fruit bunches ["FFB"] production and unfavourable movement in inventories due to timing of deliveries but mitigated by better oil and kernel extraction rates. Production costs were affected by higher manuring costs due to the timing of fertilizers application. Average selling price realization of CPO and PK for the current quarter were RM2,189 and RM1,669 per tonne respectively as compared to the preceding year corresponding quarter of RM2,159 per tonne for CPO and RM1,381 per tonne for PK.

The Property division's development projects in both Peninsular Malaysia and East Malaysia continue to record encouraging sales. However, the division's revenue and operating profit for the current quarter at RM171.8 million and RM74.1 million were lower than the preceding year corresponding quarter by 33% and 37% respectively mainly due to the timing of completion of its property development projects. In the preceding year corresponding quarter, several projects were at the advanced stage of development and were subsequently completed in the first quarter of 2015. These projects included Horizon Residences at Jalan Tun Razak and Andana Condominium-Garden Villa @ D'Alpinia in Peninsular Malaysia as well as several project development phases at Bandar Sri Indah in Tawau, Sabah. In addition, the division's operating profit in the current quarter was also affected by lower gains from fair value adjustments of its investment properties as compared to the preceding year corresponding quarter.

Credit Financing Division continues to perform well with revenue and operating profit for the current quarter at RM43.4 million and RM32.4 million, representing a growth of 16% and 13% respectively over the preceding year corresponding quarter. The division's loan portfolio at end of the year was RM2.08 billion, 6% above the preceding year of RM1.97 billion whilst its non-performing loans ratio at the end of the year was 1.05% as compared to 0.91% at the end of the preceding year.

The Automotive Division registered improvement from both its vehicle and after sales and services segments. Its vehicle segment recorded 67% increase in the volume of cars sold whilst the after sales and services segment registered 21% increase in vehicle throughput. Consequently, revenue for the current quarter at RM312.1 million was 46% higher than the preceding year corresponding quarter whilst operating profit at RM5.8 million was 34% higher than the preceding year corresponding quarter of RM4.3 million.

The Fertilizer Trading Division achieved 11% improvement in revenue in the current quarter over the preceding year corresponding quarter at RM197 million, with both the Malaysian and Indonesian operations registering higher sales volume and higher average selling prices. In Malaysia, trading margins were eroded by the higher cost of fertilizers due to the weaker Ringgit vis-à-vis the US Dollar and consequently, operating profit was lower than the preceding year corresponding quarter inspite of higher revenue. In Indonesia, operations have returned to profitability as compared to an operating loss in the preceding year corresponding quarter with improved trading margins as the division focused on fertilizers businesses with better margins. Overall, the division's operating profit for the current quarter was RM2.7 million, lower than the preceding year corresponding quarter by RM33.3 million (93%) as the preceding year corresponding quarter included gains on disposal of certain non-strategic fixed assets.



1. Review of performance (continued)

Quarry and Building Materials Division's revenue for the current quarter at RM86.3 million was marginally below the preceding year corresponding quarter. Aggregates sales registered an improvement of 5% but was negated by lower sales of asphalt and bricks. The division continued to operate in a very competitive market and was affected by the slowdown in development projects and competitive pricing. Nevertheless, trading margins have improved across all segments attributable mainly to improvement in operating efficiencies. Overall, operating profit for the current quarter was RM2 million as compared to the preceding year corresponding quarter of RM4.4 million which included gains on disposal of certain non-strategic fixed assets.

Trading Division's revenue for the current quarter at RM229.6 million almost doubled that of preceding year corresponding quarter of RM116.8 million whilst operating profit at RM13.2 million was 18% below the preceding year corresponding quarter. The division's results for the current quarter included the results of the Company's newly acquired subsidiary in Singapore, Hafary as disclosed in Note 9(b) of Part A, which contributed RM96.8 million to revenue and RM10.9 million to operating profit. In Malaysia, revenue for the current quarter at RM132.8 million was 14% higher than the preceding year corresponding quarter with improvement from both building material products and petroleum products segments. The Malaysian trading environment continued to be very competitive and have put pressure on trading margins of both the building materials and petroleum products segments. Operating profit registered by the Malaysian operations for the current quarter was RM2.3 million as compared to the preceding year corresponding quarter of RM16.1 million which included gains on disposal of certain non-strategic fixed assets.

Overall, Group PBT and PAT for the year at RM1.12 billion and RM969.4 million were higher than the preceding year by 9% and 19% respectively. Profit attributable to owners of the Company for the year at RM908.5 million was 21% higher than the preceding year whilst the basic earnings per share for the year at 42.26 sen was 15% above the preceding year of 36.67 sen.

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

Group PBT for the current quarter was RM110.1 million (48%) lower than the preceding quarter of RM228.4 million mainly due to lower contribution from the Property Division mitigated somewhat by better results from Plantation Division.

The Property Division operating profit were RM59 million lower than the preceding quarter which benefitted mainly from the sale of certain non-strategic properties.

Plantation Division registered RM7.9 million operating profit improvement over the preceding quarter as it benefitted from higher sales volume and higher average selling price of CPO and PK. CPO and PK sales volume for the current quarter were 6% and 32% higher than the preceding quarter of 41,057 tonnes and 9,239 tonnes respectively whilst average selling price per tonne of CPO and PK were 5% and 21% higher than the preceding quarter of RM2,086 and RM1,379 respectively.

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3. Current year prospects

Palm oil prices continue to be uncertain on the back of declining exports and weaker prices of competing soybean oil. Although palm oil inventory has declined from its peak of 2.91 million tonnes in November 2015 to 2.31 million tonnes in January 2016, the inventory level is still high as compared to prior year's 1.76 million tonnes. The El-Nino phenomenon may provide some relief as palm oil production is expected to decline which may reduce palm oil inventories in the coming months and support higher palm oil prices. The increase in the minimum wage rate of employees with effect from July 2016 will increase the labour cost across the plantation industry in Malaysia. The division will continue with its ongoing efforts to improve FFB yield, CPO and PK extraction rates. These efforts may somewhat mitigate the impact of the increase in labour cost.

The Property Division expects its projects in Klang Valley and East Malaysia to continue to contribute satisfactorily to the division's performance. Several new projects are expected to be launched in 2016. Contribution from existing investment properties are expected to be maintained with close to optimum occupancy rates and consistent average rental rates. Results are expected to improve further with higher occupancy rates at Menara Hap Seng 2 and the newly acquired 14-storey retail office tower block in Kota Kinabalu now known as "Plaza Shell" which was officially opened on 13 November 2015.

Credit Financing Division will continue to grow its loan base in Malaysia with continuous emphasis on improving yield, exercising caution in its selection of new loans, focusing on businesses with quality collaterals whilst managing its cost of funds and funding requirements. Strong emphasis is also placed on collections and providing quality services.

The Automotive Division expects the competitive environment in the Malaysian premium passenger vehicles segment to prevail. Nevertheless, the division anticipates satisfactory performance from its vehicles segment and after sales and services segment via its seven autohaus in East and Peninsular Malaysia with the anticipated introduction of newer models in the market.

Fertilizer Trading Division is expected to continue operating in a very competitive business environment amidst the uncertainties in the palm oil market and foreign currency fluctuations vis-à-vis the Malaysian Ringgit. Nevertheless, the Division anticipates to benefit from its China fertilizers business via the recent acquisition of Lei Shing Hong Wood Products Limited ["LSHWP"] as disclosed in Note 11(b) of Part A where LSHWP has a subsidiary in China trading in fertilizer products.

Quarry and Building Materials Division will continue to focus on profit improvements through enhancement of operational efficiencies and cost control measures to mitigate the challenges faced by the division from a competitive business environment across the three operating regions in East Malaysia, East Coast and the Southern region of Peninsular Malaysia and Singapore.

Trading Division is placing concerted efforts to further grow its market share for both the building materials and petroleum products segments whilst protecting margins, managing credit risk, focusing on collections and maintaining optimum inventory levels. The Hafary group which is a leading supplier of premium tiles, stone, mosaics, wood-flooring, quartz top and sanitary ware and fittings in Singapore is expected to improve its contribution to the Division as the Hafary group remains vigilant to market changes and tap on opportunities locally and overseas to grow its business.

Based on the foregoing, the Group is cautiously optimistic of achieving satisfactory results for the current financial year ending 31 December 2016.

4. Variances between actual profit and forecast profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. Profit for the period

	Quarter ended		Year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	5,018	1,910	12,940	12,360
Dividend income from available-for-sale equity instrument	300	300	1,200	1,200
Dividend income from held for trading equity instrument	864	-	2,114	-
Dividend income from money market deposits	1,057	1,526	4,101	3,043
Loss on held for trading equity instruments at fair value	(2,163)	(1,565)	(4,359)	(1,565)
Gain on disposal of held for trading equity instruments	283	-	283	-
Interest expense	(33,285)	(18,027)	(116,752)	(79,958)
Depreciation and amortisation	(37,894)	(16,463)	(109,692)	(82,712)
Net allowance of impairment losses				
- trade receivables	(4,272)	(1,874)	(12,805)	(5,608)
Net inventories written down	(5,745)	(11,108)	(7,557)	(4,275)
Gain on disposal of:				
- property, plant and equipment	1,193	55,479	992	96,284
- investment properties	-	1,131	-	760
Property, plant and equipment written off	(1,298)	(900)	(1,561)	(975)
Biological assets written off	-	-	(182)	(460)
Investment properties written off	-	-	(335)	(124)
Net foreign exchange gain/(loss)	783	(3,457)	23,582	(611)
Loss on hedging activities	(255)	(22)	(248)	-
(Loss)/gain on non-hedging derivative instruments	(65)	-	39	-
Gain from fair value adjustments of investment properties	22,739	58,228	22,739	189,437
Recovery of bad debts	311	-	1,587	500
Other non-operating item				
- Gain on disposal of subsidiaries	-	-	508,798	-
- Impairment loss on investment in an associate	(2,161)	-	(2,161)	-
	<u>(2,161)</u>	<u>-</u>	<u>506,637</u>	<u>-</u>

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

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6. Tax expense

	Quarter Ended		Year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	35,690	32,464	166,544	200,583
- deferred tax	(9,872)	2,993	(12,921)	9,572
	<u>25,818</u>	<u>35,457</u>	<u>153,623</u>	<u>210,155</u>
In respect of prior period				
- income tax	(870)	(214)	(2,693)	936
- deferred tax	(2,698)	(3,827)	(2,719)	(2,792)
	<u>(3,568)</u>	<u>(4,041)</u>	<u>(5,412)</u>	<u>(1,856)</u>
	<u>22,250</u>	<u>31,416</u>	<u>148,211</u>	<u>208,299</u>

The Group's effective tax rate for the current quarter excluding under/(over) provision of tax in respect of prior period was lower than the statutory tax rate mainly due to adjustments arising from the reduction in statutory tax rate on deferred tax liabilities whilst the effective tax rate for the year was significantly lower than the statutory tax rate mainly due to gain on disposal of subsidiaries not subjected to tax. The effective tax rates for the preceding year corresponding quarter and year were lower than the statutory tax rate mainly due to tax provision on fair value adjustments of investment properties at the lower real property gain tax rate.

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

Save for Note 11(a) of Part A, there were no other corporate proposals announced but not completed as at 18 February 2016.

8. Status of the utilisation of proceeds from corporate proposals

The status of the utilisation of proceeds from the Proposed Disposal as disclosed in Note 9(c) of Part A is as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u> RM'mil	<u>As at 31 December 2015</u>		<u>Intended Timeframe for Utilisation</u>	<u>Deviation under/(over) spent</u>		<u>Explanation</u>
		<u>Utilisation</u> RM'mil	<u>Balance Unutilised</u> RM'mil		RM'mil	%	
Proposed Acquisition (as disclosed in Note 9(c) of Part A)	395.00	395.00	-	-	-	-	-
General working capital:							
(i) Loan disbursements of credit financing division	97.76	97.76	-	-	-	-	-
(ii) Purchase of inventories, such as fertilisers, automobiles and building materials which include steel bars, wire mesh and cement	48.88	48.88	-	-	-	-	-
(iii) Properties development costs such as construction costs and consultancy fees	48.88	48.88	-	-	-	-	-
(iv) Payment of trade and other payables	48.88	48.82	-	-	0.06	0.1	The over spent in fees and expenses was covered by the proceeds earmarked for payment of trade and other payables
	<u>244.40</u>	<u>244.34</u>	<u>-</u>		<u>0.06</u>	<u>0.1</u>	
Estimated fees and expenses	1.40	1.46	-	-	(0.06)	(4.3)	
	<u>640.80</u>	<u>640.80</u>	<u>-</u>		<u>-</u>	<u>-</u>	



9. **Borrowings and debt securities**

The Group does not have any debt security. The Group borrowings are as follows:

	As at 31.12.2015					As at 31.12.2014			
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	Total RM'000	RM RM'000	USD RM'000	SGD RM'000	Total RM'000
Current									
Secured									
- Trust receipts	-	-	13,643	-	13,643	-	-	-	-
- Finance leases	-	-	883	-	883	-	-	-	-
- Revolving credits	-	-	80,449	-	80,449	-	-	-	-
- Term loans	-	-	7,793	-	7,793	-	-	-	-
- Foreign currency loans	-	49,667	-	22,952	72,619	-	-	-	-
	-	49,667	102,768	22,952	175,387	-	-	-	-
Unsecured									
- Bankers acceptances	149,769	-	-	-	149,769	158,596	-	-	158,596
- Bank overdrafts	4,593	-	-	-	4,593	3,276	-	-	3,276
- Revolving credits	1,109,523	-	-	-	1,109,523	1,059,500	-	14,546	1,074,046
- Term loans	178,117	-	-	-	178,117	207,487	-	-	207,487
- Foreign currency loans	-	410,640	303,760	-	714,400	-	175,807	264,590	440,397
	1,442,002	410,640	303,760	-	2,156,402	1,428,859	175,807	279,136	1,883,802
Total current borrowings	1,442,002	460,307	406,528	22,952	2,331,789	1,428,859	175,807	279,136	1,883,802
Non-current									
Secured									
- Term loans	-	-	198,982	-	198,982	-	-	-	-
- Finance leases	-	-	981	-	981	-	-	-	-
	-	-	199,963	-	199,963	-	-	-	-
Unsecured									
- Term loans	343,336	-	161,562	-	504,898	277,052	-	-	277,052
- Foreign currency loans	-	873,105	282,181	-	1,155,286	-	193,428	264,590	458,018
	343,336	873,105	443,743	-	1,660,184	277,052	193,428	264,590	735,070
Total non-current borrowings	343,336	873,105	643,706	-	1,860,147	277,052	193,428	264,590	735,070
Total borrowings	1,785,338	1,333,412	1,050,234	22,952	4,191,936	1,705,911	369,235	543,726	2,618,872

Note: - All secured borrowings are in respect of a foreign subsidiary's borrowings.

- Foreign currency loans are in respect of borrowings denominated in currencies other than the functional currencies of the Group entities.



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

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

- (a) A writ of summon ["said Writ"] was filed by certain natives of Sabah ["Plaintiffs"] claiming native customary rights ["NCR"] over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ["Tongod Land"] or part thereof in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit and KKHC"] naming the Company as the first defendant, Genting Plantations Berhad ["GPB"] and its subsidiary Genting Tanjung Bahagia Sdn Bhd ["GTB"] as the second and third defendants, Director of Department of Lands and Surveys, Sabah as the fourth defendant, the Government of the State of Sabah as the fifth defendant, Assistant Collector of Land Revenues, Tongod as the sixth defendant, the Registrar of Titles as the seventh defendant and the Assistant Collector of Land Revenues, Kota Kinabatangan as the eighth defendant. The Company had on 9 May 2002 completed its disposal of the Tongod Land to GTB.

On 13 June 2003, the deputy registrar of the KKHC dismissed the Company's application to strike out the said Writ ["Striking-out Application"] and the Company appealed against the said dismissal ["said Striking-out Appeal"].

The Plaintiffs had earlier filed an application for injunction restraining the second and the third defendants from carrying out, inter-alia, planting activities on the Tongod Land or part thereof ["Injunction Application"]. On 20 June 2008 during the hearing of the Injunction Application, the KKHC upheld the defendants' preliminary objection to the KKHC's jurisdiction to determine NCR and the Tongod Suit was dismissed with costs awarded to the defendants ["PO Decision"]. Although the Plaintiffs' initial appeal against the PO Decision was also dismissed by the Court of Appeal on 9 June 2011 ["said Dismissal Decision"], the Federal Court allowed the Plaintiffs' further appeal on 24 November 2011 and set aside both the PO Decision and said Dismissal Decision. The Federal Court further ordered that the said Striking-out Appeal be remitted to the KKHC.

On 21 March 2012, the KKHC dismissed the said Striking-out Appeal with costs awarded to the Plaintiffs which decision was upheld by the Court of Appeal on 9 May 2013 upon the defendants' appeal. On 7 June 2013, the defendants filed a motion for leave to appeal to the Federal Court against the said decision of the Court of Appeal ["said Leave Application"]. On 25 February 2014, the Federal Court dismissed the said Leave Application with costs awarded to the Plaintiffs.

On 23 September 2013, the KKHC dismissed the preliminary objection raised by the Company during the trial of the Tongod Suit on KKHC's jurisdiction in hearing and deciding matters relating to NCR ["PO Dismissal Decision"]. On 16 October 2013, the Company filed a notice of appeal to the Court of Appeal appealing against the PO Dismissal Decision which was subsequently withdrawn by the Company on 31 March 2014.

The Tongod Suit was part-heard from 26 to 29 November 2012, 14 to 18 January 2013, 18 to 22 February 2013, 11 to 15 March 2013, 8 to 11 July 2013, 23 to 24 September 2013, 2 to 13 December 2013, 27 to 28 January 2014, 27 to 28 March 2014, 2 to 6 June 2014, 11 to 14 August 2014, 29 September to 3 October 2014, 7 to 10 October 2014, 18 to 21 November 2014, 15 to 19 December 2014, 10 to 13 February 2015, 23 March to 2 April 2015, 18 to 29 May 2015, 29 to 30 June 2015, 1 to 10 July 2015, 3 to 6 August 2015, 26 to 30 October 2015 and 14 to 18 December 2015. The Tongod Suit has been fixed for continued hearing from 15 to 26 February 2016.

The Company's solicitors are of the opinion that the Plaintiffs' NCR claim is unlikely to succeed.



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

- (b) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB filed a writ of summon and an application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors in Kuala Lumpur, Messrs Wong Kian Kheong, against EISB ["1st Defendant"] at the Kuala Lumpur High Court ["KLHC"] vide civil suit no. 22NCVC-631-05/2012 ["RESB Suit"]. On 14 June 2012, the KLHC granted an ad interim injunction in favour of RESB ["said Ad Interim Injunction"] pending disposal of the hearing of the said Interlocutory Injunction Application subject to RESB's undertaking to pay damages to the 1st Defendant for losses suffered by the 1st Defendant resulting from the said Ad Interim Injunction in the event that the said Ad Interim Injunction is subsequently discharged or set aside. Upon RESB's application, HCH was added as the second defendant ["2nd Defendant"] to the RESB Suit on 16 June 2012.

RESB is claiming for the following in the RESB Suit:

- (i) That RESB be declared as the registered and beneficial owner of the said Land;
- (ii) That the Purported SPA be declared null and void;
- (iii) That the Alleged PA be declared null and void;
- (iv) An injunction restraining the 1st Defendant from:-
 - (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
 - (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
 - (c) taking any further action to complete the Purported SPA.
- (v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (vi) Costs of the RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Upon the 1st Defendant's application, the RESB Suit was transferred to the High Court of Sabah & Sarawak at Kota Kinabalu on 10 August 2012, subject to the said Ad Interim Injunction continuing to be in effect. With the transfer, RESB is currently represented by the law firm of Messrs Jayasuriya Kah & Co. in Kota Kinabalu. The RESB Suit is presently stayed pending determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

HSP has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the RESB Suit.



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

- (c) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in the High Court of Sabah & Sarawak at Kota Kinabalu vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 ["KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

- (i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
- (v) costs of the KK Suit; and
- (vi) such further or other relief as the Court deems fit and just.

The application by RESB to convert the KK Suit into a writ action ["Conversion Application"] was heard on both 23 October 2012 and 26 November 2012 and is currently pending decision. Consistent with the RESB Suit stated in Note 10(b) above, the KK Suit is stayed pending determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

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

- (d) Pelipikan Plantation Sdn Bhd ["PPSB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"] is the registered sub-lessee of all those 251 pieces of land measuring approximately 1,364.91 hectares situated in Kg. Natu in the district of Kota Marudu, Sabah ["Pelipikan Sub-Leased Lands"]. A writ of summon ["said Writ"] was filed on 7 August 2014 by 94 natives of Sabah ["Plaintiffs"] represented by Messrs Sugumar & Co claiming interest and ownership, legal and beneficial in respect of 113 parcels of land which form part of the Pelipikan Sub-Leased Lands ["said 113 Titles"] in the High Court of Sabah and Sarawak at Kota Kinabalu vide suit no. BKI-22NCvC66/8-2014 (HC2) ["KKHC"], naming one Hatija Binti Hassan as first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant ["said Suit"]. The said 113 Titles represent approximately 1.31% of the HSP Group's total land holdings.

In the said Writ, the Plaintiffs alleged, inter-alia the following:

- (i) acting on a purported power of attorney P/A No. 5391/03, one Sikit @ Lanjim bin Sarapong ["Sikit"] transferred the Pelipikan Sub-Leased Lands on behalf of the Plaintiffs to the first and second defendants and created a sublease in favour of PPSB;
- (ii) the transfer of the said 113 Titles from the Plaintiffs to Sikit, the subsequent transfer from Sikit to the first and second defendants and the sublease created in favour of PPSB were effected via forged documents and/or illegal means;
- (iii) that the first and second defendants are not bona-fide third party purchasers of the said 113 Titles for value without notice; and
- (iv) that PPSB is not a bona-fide third party sub-lessee of the said 113 Titles for value without notice.

On 15 May 2015, the parties in the said Suit recorded the following terms by way of a consent order before the KKHC:

- (i) that the claims filed under the said Suit by the Plaintiffs be and are struck off;
- (ii) that the Plaintiffs are not entitled to possession of the said 113 Titles;
- (iii) that the first, second and third defendants are absolutely entitled to quiet enjoyment and possession of the said 113 Titles;
- (iv) that the Plaintiffs are not entitled to legal and beneficial ownership of the said 113 Titles;
- (v) that the registration of transfer of the said 113 Titles in favour of Sikit is valid and of full legal effect;
- (vi) that the registration of transfer of the said 113 Titles by Sikit in favour of the first and second defendants is valid and of full legal effect;
- (vii) that the registration of the sublease of the said 113 Titles by Sikit in favour of the third defendant is valid and of full legal effect;
- (viii) that the claim for an order directing the first, second and third defendants to give vacant possession of the said 113 Titles to the Plaintiffs is dismissed;
- (ix) that the claim for an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the transfer of the said 113 Titles effected in favour of Sikit and the first and second defendants is dismissed;
- (x) that the claim for an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the sublease of the said 113 Titles effected by Sikit in favour of the third defendant be and is dismissed;
- (xi) an injunction be and is hereby granted restraining the Plaintiffs, their agents, servants, representatives or anyone claiming under them from interfering in any way whatsoever with the quiet enjoyment and possession by the first, second and third defendants of the said 113 Titles;
- (xii) that there shall be no order as to costs;
- (xiii) an order be and is hereby granted directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the Collector's Caveats affecting the said 113 Titles;
- (xiv) that the Plaintiffs shall assist and support any applications by the first, second and third defendants to the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the Collector's Caveats affecting the said Lands; and
- (xv) the Plaintiffs shall assist, support and protect the interests of the first, second and third defendants in respect of the said Lands.

11. Derivatives

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

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 December 2015 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)	Gain/(loss) On Derivative Instruments	Gain/(loss) On Hedged Items	Net Gain/(loss)
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward currency contracts of less than 1 year (USD/Euro)					
- Designated as hedging instruments*	177,678	534	529	(777)	(248)
- Not designated as hedging instruments	50,682	136	136	(97)	36
	<u>228,360</u>	<u>670</u>	<u>665</u>	<u>(874)</u>	<u>(209)</u>
Cross currency interest rate swaps on foreign currency borrowings of 1 year to 3 years (SGD/USD)					
- Designated as hedging instruments**	<u>2,088,231</u>	<u>171,416</u>	<u>122,765</u>	<u>(123,019)</u>	<u>(254)</u>

* *The hedging relationship is classified as fair value hedge where the gain/(loss) is recognised in profit or loss.*

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

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

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

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

13. **Disclosure of realised and unrealised profits or losses (unaudited)**

	As at 31.12.2015	As at 31.12.2014
	RM'000	RM'000 <i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,984,942	2,640,815
- Unrealised	259,701	196,646
	<u>3,244,643</u>	<u>2,837,461</u>
Total share of retained profits from associates and joint venture		
- Realised	9,618	17,708
- Unrealised	39,123	18,318
- Breakdown unavailable*	26,647	23,702
	<u>3,320,031</u>	<u>2,897,189</u>
Less: Consolidation adjustments	(1,522,273)	(1,353,642)
Total Group retained profits as per consolidated financial statements	<u>1,797,758</u>	<u>1,543,547</u>

* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed on the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to their requirement to comply with the Guideline on Disclosure of Information of Listed Companies issued by the Stock Exchange of Thailand.

14. **Provision of financial assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's wholly owned subsidiaries, Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2015 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,707,198	183	1,707,381
(b) To individuals	287,203	1,217	288,420
(c) To companies within the listed issuer group	24,719	60,008	84,727
(d) To related parties	-	-	-
	<u>2,019,120</u>	<u>61,408</u>	<u>2,080,528</u>

14. **Provision of financial assistance (continued)**

Moneylending operations (continued)

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

	As at 31.12.2015
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	-
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	1,485,758
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	150,668
	<u>1,636,426</u>

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

	RM'000
(a) Balance as at 1.1.2015	17,834
(b) Loans classified as in default during the financial year	82,161
(c) Loans reclassified as performing during the financial year	(55,749)
(d) Amount recovered	(20,248)
(e) Amount written off	(2,248)
(f) Loans converted to securities	-
(g) Balance as at 31.12.2015	<u>21,750</u>
(h) Ratio of net loans in default to net loans	<u>1.05%</u>

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14. **Provision of financial assistance (continued)**

Moneylending operations (continued)

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	82,100	82,270	Yes	80,230	No	72
2 nd	Term Loan	55,000	54,522	Yes	412,120	No	84
3 rd	Term Loan	52,800	52,967	Yes	49,375	No	72
4 th	Term Loan	62,000	52,644	Yes	36,400	No	12 – 36
	Hire Purchase	100	63	Yes	193	No	36
		<u>62,100</u>	<u>52,727</u>		<u>36,593</u>		
5 th	Term Loan	118,900	43,979	No	-	Yes	48

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

	Quarter Ended		Year-to-date ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit attributable to owners of the Company (RM'000)	<u>77,439</u>	<u>188,427</u>	<u>908,473</u>	<u>753,467</u>
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,154,829	2,146,355	2,149,824	2,054,505
Dilutive potential ordinary shares - Assumed exercise of warrants	<u>176,929</u>	<u>166,575</u>	<u>162,882</u>	<u>142,217</u>
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	<u>2,331,758</u>	<u>2,312,930</u>	<u>2,312,706</u>	<u>2,196,722</u>
Basic EPS (sen)	<u>3.59</u>	<u>8.78</u>	<u>42.26</u>	<u>36.67</u>
Diluted EPS (sen)	<u>3.33</u>	<u>8.15</u>	<u>39.28</u>	<u>34.30</u>

(a) **Basic EPS**

The basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

(b) **Diluted EPS**

The diluted EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of dilutive potential ordinary shares comprising warrants.

16. Dividend

Dividends for the current financial year ended 31 December 2015 are as follows:

- (a) first interim dividend of 10 sen (2014: 10 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 26 May 2015 and paid on 23 June 2015;
- (b) special interim dividend of 10 sen (2014: Nil) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 26 August 2015 and paid on 30 September 2015; and
- (c) second interim dividend of 10 sen (2014: 15 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 25 November 2015 and paid on 22 December 2015.
- (d) Total dividend for the current financial year ended 31 December 2015 was 30 sen (2014: 25 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2015.

17. Auditors' report on preceding annual financial statements

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2014 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
QUAN SHEET MEI
Secretaries

Kuala Lumpur
24 February 2016