HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2012

	Quarter ended		Year-to-date ended	
	30.9.2012	**30.9.2011**	**30.9.2012**	**30.9.2011**
	RM'000	RM'000	RM'000	RM'000
Revenue	149,304	167,403	390,772	493,850
Operating expenses	(102,965)	(79,923)	(245,681)	(229,193)
Other operating income	809	1,186	3,323	3,857
Operating profit	47,148	88,666	148,414	268,514
Financing costs	-	-	(32)	(558)
Profit before tax	47,148	88,666	148,382	267,956
Tax expense	(11,448)	(22,431)	(37,956)	(68,053)
Profit for the period representing total comprehensive income for the period	35,700	66,235	110,426	199,903
Earnings per share (sen)				
Basic	4.46	8.28	13.80	24.99
Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 SEPTEMBER 2012

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	574,029	571,468
Biological assets	1,344,233	1,338,433
	1,918,262	1,909,901
Current assets		
Inventories	39,316	28,150
Receivables	42,675	30,244
Tax recoverable	15,012	267
Cash and cash equivalents	73,701	146,175
	170,704	204,836
TOTAL ASSETS	2,088,966	2,114,737
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,060,569	1,078,140
	1,860,569	1,878,140
Less: Treasury shares	(54)	(48)
TOTAL EQUITY	1,860,515	1,878,092
Non-current liabilities		
Deferred tax liabilities	190,782	190,115
Current liabilities		
Payables	37,653	35,733
Tax payable	16	10,797
	37,669	46,530
TOTAL LIABILITIES	228,451	236,645
TOTAL EQUITY AND LIABILITIES	2,088,966	2,114,737
Net assets per share (RM)	2.33	2.35
Based on number of shares net of treasury shares ('000)	799,979	799,981

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2012

	Attributable to Owners of the Company				
	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Treasury Shares RM'000	Total Equity RM'000
At 1 January 2012	800,000	675,578	402,562	(48)	1,878,092
Total comprehensive income for the period	-	-	110,426	-	110,426
Purchase of treasury shares	-	-	-	(6)	(6)
Dividends	-	-	(127,997)	-	(127,997)
At 30 September 2012	800,000	675,578	384,991	(54)	1,860,515
At 1 January 2011	800,000	675,578	285,592	(29)	1,761,141
Total comprehensive income for the period	-	-	199,903	-	199,903
Purchase of treasury shares	-	-	-	(5)	(5)
Dividends	-	-	(135,998)	-	(135,998)
At 30 September 2011	800,000	675,578	349,497	(34)	1,825,041

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 2011 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2012

	Year-to-date ended	
	30.9.2012	**30.9.2011**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	148,382	267,956
Adjustments for:		
Non-cash items	20,246	19,462
Non-operating items	22	(32)
Net interest income	(2,256)	(1,577)
Operating profit before working capital changes	166,394	285,809
Net changes in working capital	(21,677)	(4,167)
Net tax paid	(62,815)	(42,511)
Net interest received	2,256	1,577
Net cash generated from operating activities	84,158	240,708
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,286	231
Purchase of property, plant and equipment	(24,115)	(13,346)
Additions to biological assets	(5,800)	(4,254)
Net cash used in investing activities	(28,629)	(17,369)
Cash flows from financing activities		
Net repayment of bank borrowings	-	(35,000)
Shares repurchased at cost	(6)	(5)
Dividends paid to shareholders	(127,997)	(135,998)
Net cash used in financing activities	(128,003)	(171,003)
Net (decrease)/increase in cash and cash equivalents	(72,474)	52,336
Cash and cash equivalents at beginning of period	146,175	58,699
Cash and cash equivalents at end of period	73,701	111,035

For purposes of Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	65,272	91,714
Cash in hand and at bank	8,429	19,321
	73,701	111,035

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2011.

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 2011, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2011 and 1 January 2012 as follows:

<u>IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2011</u>

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

<u>FRSs and Amendments effective for financial periods beginning on or after 1 January 2012</u>

- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfer of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124 Related Party Disclosures

The adoption of the above revised FRSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

<u>Malaysian Financial Reporting Standards (MFRS Framework)</u>

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2014. 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 earnings.

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

The Group considers the seasonal or cyclical factors affecting the results of the operations of the Group comprising the cultivation of oil palm and processing of fresh fruit bunches to include general climatic conditions, age profile of oil palms, the cyclical nature of annual production and the 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 interim period.

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 periods 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) Share buyback by the Company

During the current quarter, there was no buyback of shares nor resale or cancellation of treasury shares. Accordingly, only 2,000 shares were bought back and retained as treasury shares during the interim period.

(b) As at 30 September 2012, the Company has 21,000 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained unchanged at 800,000,000 ordinary shares of RM1.00 each.

7. **Dividends paid**

The total dividend paid out of shareholders' equity for the ordinary shares during the interim period was as follows:

	Year-to-date ended	
	30.9.2012	**30.9.2011**
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2010:		
- final (7.0 sen) under the single tier system approved by shareholders on 6 June 2011 and paid on 23 June 2011	-	55,999
Dividend in respect of financial year ended 31 December 2011:		
- interim (10.0 sen) under the single tier system approved by the Board of Directors on 23 August 2011 and paid on 27 September 2011	-	79,999
- second interim (10.0 sen) under the single tier system approved by the Board of Directors on 14 February 2012 and paid on 12 March 2012	79,998	-
Dividend in respect of financial year ending 31 December 2012:		
- first interim (6.0 sen) under the single tier system approved by the Board of Directors on 29 August 2012 and paid on 28 September 2012	47,999	-
	127,997	135,998

8. **Segment information**

No segment information has been prepared as the Group is primarily engaged in the cultivation of oil palm and processing of fresh fruit bunches in Malaysia.

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 composition of the Group during the interim period.

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 material litigation as disclosed in Note 9 of Part B below, there were no events after the interim period and up to 23 November 2012 that have not been reflected in these interim financial statements.

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 has no contingent liabilities or contingent assets as at the end of the interim period 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 30.9.2012 RM'000	**As at 31.12.2011** RM'000
Contracted but not provided for in this report	43,872	19,366
Authorised but not contracted for	10,335	68,818
	54,207	88,184

14. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% the estimated value which had been mandated by the shareholders at the extraordinary general meetings held on 6 June 2011 and 28 May 2012.

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PART B

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

1. **Review of performance**

Revenue for the current quarter at RM149.3 million was 11% lower than the preceding year corresponding quarter. Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM47.1 million and RM35.7 million were lower than the preceding year corresponding quarter by 47% and 46% respectively.

The Group's results were impacted by lower production of Fresh Fruit Bunches ["FFB"], lower sales volume and lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as higher replanting expenditure and higher production cost per metric ton of CPO.

FFB production for the current quarter was lower than the preceding year corresponding quarter by 12%, affected by adverse seasonal yield trend and cropping pattern due to tree stress. Consequently CPO production was 12% lower than the preceding year corresponding quarter.

CPO sales volume was 24% lower at 35,251 tonnes whilst PK sales volume was 10% lower at 8,087 tonnes. Average selling price realisation of CPO and PK for the current quarter were RM2,923 and RM1,470 per tonne respectively as compared to the preceding year corresponding quarter of RM3,117 per tonne for CPO and RM1,828 per tonne for PK.

Production costs were mainly affected by higher labour costs and higher fertilizers prices. Replanting expenditure was higher in tandem with the increase in area which have been replanted. As at the end of the current quarter, 3,518 hectares were under replanting as compared to the preceding year corresponding quarter of 2,594 hectares.

Group PBT and PAT for the year to date at RM148.4 million and RM110.4 million were both lower than the preceding year corresponding period by 45%. Accordingly, its basic earnings per share for the year to date fell by 45% from 24.99 sen in the preceding year period to 13.80 sen in the current period.

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

Group profit before tax for the current quarter at RM47.1 million was 9% higher than the preceding quarter of RM43.2 million mainly attributable to higher FFB production which led to higher sales volume of CPO and PK. This was however dampened by lower average selling prices.

FFB production for the current quarter was higher by 22% whilst sales volume of CPO and PK were higher by 14% and 19% respectively. Average selling price realisation of CPO and PK for the current quarter were lower than the preceding quarter by 9% and 21% respectively.

3. **Current year prospects**

Generally, FFB production has improved in the third quarter and is expected to continue till the end of the year.

The changes in the Indonesian export tax structure introduced in September 2011 continued to affect the competitiveness of the Malaysian palm oil industry with Indonesia taking up a greater market share of refined palm oil products. This had slowed down Malaysian palm oil exports and coupled with the higher crop production, the inventory in Malaysia has reached a record level of about 2.5 million tonnes as at the end of September 2012.

Palm oil futures have also come under pressure from the prolonged Eurozone crisis and the seasonal increase in soybean supplies with the U.S. soybean harvest progressing at a record pace.

Against this backdrop, CPO prices retreated to a three-year low of RM2,230 per tonne in early October which spurred the Malaysian government to announce a reduction of CPO export taxes from 23% to between 4.5% to 8.5% on a step-up basis starting from RM2,250 per tonne effective 1 January 2013. At the same time the duty free export quota for CPO will be removed.

In the short term, this is expected to reduce the inventory level and stabilise CPO prices. However, the Indonesian government has reacted to the Malaysian government's initiatives by reducing its export tax further and its impact on CPO prices remains uncertain.

Nevertheless, CPO prices is expected to recover some ground in the final quarter as the current wide price discount between soybean oil and RBD palm olein is likely to encourage demand for palm oil. However, downside risk may come from the development of the EU biodiesel industry as it faces pressure to review its mandates amidst global food shortages and the high cost of vegetable oils.

Overall, the Group's prospects for the current financial year will continue to be affected by the global macroeconomic factors affecting the palm oil market and the cropping pattern of FFB.

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-to-date ended	
	30.9.2012	**30.9.2011**	**30.9.2012**	**30.9.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	700	959	2,288	2,135
Interest expense	-	-	(32)	(558)
Depreciation and amortisation	(7,195)	(6,516)	(20,246)	(19,422)
Property, plant and equipment written off	-	-	-	(40)
Gain/(loss) on disposal of property, plant and equipment	(67)	(34)	(22)	32

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

6. **Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2012	**30.9.2011**	**30.9.2012**	**30.9.2011**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	10,935	23,641	38,463	68,203
- deferred tax	1,687	(1,257)	667	(298)
	12,622	22,384	39,130	67,905
In respect of prior periods				
- income tax	(1,174)	47	(1,174)	148
	11,448	22,431	37,956	68,053

The Group's effective tax rate for the current quarter and year to date (excluding the over provision of tax in prior periods) were above the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rate for the preceding year corresponding quarter and period were marginally higher than the statutory tax rate due to the same reason.

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**

There was no corporate proposal announced but not completed as at 23 November 2012.

8. **Borrowings and debt securities**

The Group does not have any borrowings nor debt securities.

9. **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 then 7 days from the date of issue of the quarterly report**

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

(a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of the Company, 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 [the "Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8.2.1977 allegedly created in respect of the said Land [the "Alleged PA"]. On the basis of the Purported SPA, a private caveat was entered on the said Land on 3 April 2012 by EISB.

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. On 16 June 2012, HCH was added as a co-defendant ["2nd Defendant"] to the RESB Suit upon RESB's application.

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

Upon application by the 1st Defendant, the KLHC had on 10 August 2012 transferred the RESB Suit to the High Court of Sabah & Sarawak at Kota Kinabalu ["KKHC"]. KKHC has registered the transferred RESB Suit as Civil Suit No. BKI-22-209/9-2012 with the said Ad Interim Injunction continuing to be in effect. With the transfer of the RESB Suit to KKHC, RESB will be represented by its appointed solicitors in Sabah, Messrs Jayasuria Kah & Co.

The Company has been advised by its solicitors that RESB has good grounds to succeed in the RESB Suit.

(b) 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 KKHC vide Originating Summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "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:
(a) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(b) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(c) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(d) 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;
(e) costs of the KK Suit; and
(f) such further or other relief as the Court deems fit and just.

RESB has through its solicitors in Sabah, Messrs Jayasuria Kah & Co., filed an application to convert the KK Suit from being an originating summon action into a writ action ["Conversion Application"]. The KKHC has on 21 November 2012 granted a stay of the KK Suit and fixed the next mention on 25 February 2013.

The Company has been advised by its solicitors that the KK Suit is unlikely to succeed.

10. **Derivatives**

The Group did not enter into any derivative contract and accordingly there was no outstanding derivative as at the end of the interim period.

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

There was no gain/loss arising from fair value changes of financial liabilities for the current quarter under review as all the Group's financial liabilities are measured at amortised cost.

12. **Disclosure of realised and unrealised profits (unaudited)**

	As at 30.9.2012	**As at 31.12.2011**
	RM'000	RM'000
		(Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	785,707	800,423
- Unrealised	(131,018)	(129,804)
	654,689	670,619
Less: Consolidation adjustments	(269,698)	(268,057)
Total Group retained profits as per consolidated financial statements	384,991	402,562

13. **Earnings per share**

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

	Quarter Ended		**Year-to-date ended**	
	30.9.2012	**30.9.2011**	**30.9.2012**	**30.9.2011**
Profit attributable to owners of the Company (RM'000)	35,700	66,235	110,426	199,903
Weighted average number of ordinary shares in issue ('000)	799,979	799,986	799,980	799,987
Basic EPS (sen)	4.46	8.28	13.80	24.99

(b) The Company does not have any diluted earnings per share.

14. **Dividends**

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

15. **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 2011 was not subject to any qualification.

16. **Others**

In its approval letter dated 23 July 2007 approving the initial public offering of the Company, the Securities Commission ["SC"] requires, inter alia, the Company to resolve the issue on the requirement to transfer 30% of Litang Estate / equity in Hap Seng Plantations (Wecan) Sdn Bhd to natives within the time period stipulated therein ["SC Condition"].

As announced on 31 July 2012, the Land and Survey Department in Kota Kinabalu had granted to the Company a further extension of time to July 2017 for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Hap Seng Plantations (Wecan) Sdn Bhd, the wholly-owned subsidiary of the Company to natives.

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on the Company to resolve the issue on SC Condition. However, the Company is to continue to pursue the matter with the relevant authority subject to the following:

(a) the Company is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;

(b) the Company and/or CIMB Investment Bank Berhad ["CIMB"] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and

(c) the Company and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

BY ORDER OF THE BOARD

CHEAH YEE LENG
Secretary

Kuala Lumpur
29 November 2012