HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2012

	Quarter ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
Revenue	135,727	161,016	526,499	654,866
Operating expenses	(94,892)	(90,463)	(340,573)	(319,656)
Other operating income	1,471	964	4,794	4,818
Operating profit	42,306	71,517	190,720	340,028
Financing costs	-	-	(32)	(555)
Profit before tax	42,306	71,517	190,688	339,473
Tax expense	(12,397)	(18,452)	(50,353)	(86,505)
Profit for the period representing total comprehensive income for the period	29,909	53,065	140,335	252,968
Earnings per share (sen)				
Basic	3.74	6.63	17.54	31.62
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 31 DECEMBER 2012

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	576,209	571,468
Biological assets	1,346,692	1,338,433
	1,922,901	1,909,901
Current assets		
Inventories	37,189	28,150
Receivables	23,414	30,244
Tax recoverable	3,608	267
Cash and cash equivalents	131,372	146,175
	195,583	204,836
TOTAL ASSETS	2,118,484	2,114,737
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,090,478	1,078,140
	1,890,478	1,878,140
Less: Treasury shares	(60)	(48)
TOTAL EQUITY	1,890,418	1,878,092
Non-current liabilities		
Deferred tax liabilities	192,145	190,115
Current liabilities		
Payables	35,434	35,733
Tax payable	487	10,797
	35,921	46,530
TOTAL LIABILITIES	228,066	236,645
TOTAL EQUITY AND LIABILITIES	2,118,484	2,114,737
Net assets per share (RM)	2.36	2.35
Based on number of shares net of treasury shares ('000)	799,977	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 31 DECEMBER 2012

	← Attributable to Owners of the Company →				
	Share Capital	**Non-distributable Share Premium**	**Distributable Retained Earnings**	**Treasury Shares**	**Total Equity**
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	800,000	675,578	402,562	(48)	1,878,092
Total comprehensive income for the period	-	-	140,335	-	140,335
Purchase of treasury shares	-	-	-	(12)	(12)
Dividends	-	-	(127,997)	-	(127,997)
At 31 December 2012	800,000	675,578	414,900	(60)	1,890,418
At 1 January 2011	800,000	675,578	285,592	(29)	1,761,141
Total comprehensive income for the period	-	-	252,968	-	252,968
Purchase of treasury shares	-	-	-	(19)	(19)
Dividends	-	-	(135,998)	-	(135,998)
At 31 December 2011	800,000	675,578	402,562	(48)	1,878,092

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 31 DECEMBER 2012

	Year-to-date ended	
	31.12.2012	**31.12.2011**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	190,688	339,473
Adjustments for:		
Non-cash items	26,865	26,085
Non-operating items	(123)	(17)
Net interest income	(2,930)	(2,410)
Operating profit before working capital changes	214,500	363,131
Net changes in working capital	(2,508)	(7,869)
Net tax paid	(61,974)	(72,132)
Net interest received	2,930	2,410
Net cash generated from operating activities	152,948	285,540
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,750	442
Purchase of property, plant and equipment	(33,233)	(21,038)
Additions to biological assets	(8,259)	(6,451)
Net cash used in investing activities	(39,742)	(27,047)
Cash flows from financing activities		
Net repayment of bank borrowings	-	(35,000)
Shares repurchased at cost	(12)	(19)
Dividends paid to shareholders	(127,997)	(135,998)
Net cash used in financing activities	(128,009)	(171,017)
Net (decrease)/increase in cash and cash equivalents	(14,803)	87,476
Cash and cash equivalents at beginning of period	146,175	58,699
Cash and cash equivalents at end of period	131,372	146,175

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	108,939	136,402
Cash in hand and at bank	22,433	9,773
	131,372	146,175

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

The monthly breakdown of shares bought back during the current quarter is as follows:

Month	No of shares Purchased	Purchase price per share Lowest	Purchase price per share Highest	Average cost Per share	Total cost
		RM	RM	RM	RM
October 2012	-	-	-	-	-
November 2012	-	-	-	-	-
December 2012	2,000	2.8300	2.8300	2.8539	5,707.70
Total	2,000	2.8300	2.8300	2.8539	5,707.70

During the current quarter, 2,000 shares were bought back and there was no resale or cancellation of treasury shares. All shares bought back were retained as treasury shares. Accordingly, a total of 4,000 shares were bought back and retained as treasury shares during the financial year.

(b) As at 31 December 2012, the Company has 23,000 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 financial year was as follows:

	Year-to-date ended 31.12.2012 RM'000	Year-to-date ended 31.12.2011 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 ended 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 financial year.

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 end of the financial year**

Save for the material litigation as disclosed in Note 9 of Part B below, there were no events after the financial year end up to 22 February 2013 that have not been reflected in these 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 financial 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 31.12.2012 RM'000	**As at 31.12.2011** RM'000
Contracted but not provided for in this report	34,346	19,366
Authorised but not contracted for	74,130	68,818
	-----------	-----------
	108,476	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 RM135.7 million was 16% lower than the preceding year corresponding quarter. Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM42.3 million and RM29.9 million were lower than the preceding year corresponding quarter by 41% and 44% respectively.

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

FFB production for the current quarter was higher than the preceding year corresponding quarter by 17%. Consequently, CPO production was 19% higher than the preceding year corresponding quarter.

CPO sales volume was 16% higher at 53,428 tonnes whilst PK sales volume was 22% higher at 11,808 tonnes. Average selling price realisation of CPO and PK for the current quarter were RM2,204 and RM1,029 per tonne respectively as compared to the preceding year corresponding quarter of RM2,977 per tonne for CPO and RM1,634 per tonne for PK.

Replanting expenditure was higher in tandem with the increase in replanted area. As at the end of the year, 3,518 hectares were under replanting as compared to the preceding year of 2,594 hectares.

Overall, Group PBT and PAT for the year at RM190.7 million and RM140.3 million were lower than the preceding year by 44% and 45% respectively. Accordingly, basic earnings per share for the year fell by 45% from 31.62 sen in the preceding year to 17.54 sen in the current year.

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 RM42.3 million was 10% lower than the preceding quarter of RM47.1 million mainly impacted by lower average selling prices of CPO and PK mitigated by higher sales volume of CPO and PK.

Average selling price realisation of CPO and PK for the current quarter were lower than the preceding quarter by 25% and 30% respectively. FFB production for the current quarter was higher by 35% whilst sales volume of CPO and PK were higher by 52% and 46% respectively.

3. **Current year prospects**

CPO prices are generally expected to recover in the first half of 2013 as stock level which reached another record high in December 2012 of 2.63 million tonnes is anticipated to recede, aided by seasonal lower CPO production and the current wide price discounts of CPO to soyoil and rapeseed oil.

Concerns of soybean shortages caused by the drought in Argentina and southern Brazil, the world's major soy producers, as well as dryness in the grain-producing parts of the United States have raised prices of these commodities and widened the price discounts of CPO to soyoil and other oil seeds which are expected to boost demand for palm oil.

Demand from China and India will continue to have a significant impact on the movement of CPO stocks. The more stringent quality specifications on CPO imports imposed by China are expected to slow down exports to China in the first quarter of 2013 as importers have stocked ahead of the new regulations taking effect in January 2013.

In the Government's effort to boost CPO exports, CPO export tax was further reduced in January and February 2013 to zero percent which is expected to make Malaysian palm oil more competitive.

Overall, the global macroeconomic factors affecting the palm oil market, weather conditions in the major oil seeds producing countries and the seasonal cropping pattern of FFB are expected to influence the Group's prospects for the current financial year ending 31 December 2013.

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	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	674	830	2,962	2,965
Interest expense	-	-	(32)	(555)
Depreciation and amortisation	(6,573)	(6,609)	(26,819)	(26,031)
Property, plant and equipment written off	(46)	(14)	(46)	(54)
Gain/(loss) on disposal of property, plant and equipment	145	(15)	123	17
Write down of inventories	(31)	(431)	(31)	(431)

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	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	11,034	18,110	49,497	86,313
- deferred tax	(273)	413	394	115
	10,761	18,523	49,891	86,428
In respect of prior periods				
- income tax	-	(71)	(1,174)	77
- deferred tax	1,636	-	1,636	-
	1,636	(71)	462	77
	12,397	18,452	50,353	86,505

The Group's effective tax rate for the current quarter and year (excluding the under 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 year were 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 22 February 2013.

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 is currently represented by Messrs Jayasuria Kah & Co.

The RESB Suit has been stayed pending a Court of Appeal decision in another case on the constitutionality of the transfer of civil suits from West Malaysia to Sabah and vice versa. The KKHC has fixed the next mention of the RESB Suit on 25 March 2013.

The Company has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuria Kah & Co. that RESB has good grounds to succeed in the RESB Suit.

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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 (continued)**

(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. The next mention of the KK Suit has been fixed on 25 March 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 31.12.2012	**As at 31.12.2011**
	RM'000	RM'000
		(Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	812,400	800,423
- Unrealised	(132,564)	(129,804)
	679,836	670,619
Less: Consolidation adjustments	(264,936)	(268,057)
Total Group retained profits as per consolidated financial statements	414,900	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	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Profit attributable to owners of the Company (RM'000)	29,909	53,065	140,335	252,968
Weighted average number of ordinary shares in issue ('000)	799,978	799,984	799,980	799,986
Basic EPS (sen)	3.74	6.63	17.54	31.62

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

14. **Dividends**

Dividends for the current financial year ended 31 December 2012 are as follows:

(a) a first interim dividend of 6.0 sen (2011: 10.0 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. The said interim dividend was approved by the Board of Directors on 29 August 2012 and paid on 28 September 2012;

(b) The Board of Directors has on even date approved the following second interim dividend for the year ended 31 December 2012:

(i) Amount per ordinary share of RM1.00 each - Second Interim Dividend	5.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
(ii) Previous year corresponding period: Amount per ordinary share of RM1.00 each - Second Interim Dividend	10.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
(iii) Total dividend for the current financial year: Amount per ordinary share of RM1.00 each	11.0 sen (2011: 20.0 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders

(c) This dividend will be payable on 28 March 2013; and

(d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 15 March 2013.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 5.0 sen per ordinary share of RM1.00 each under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ended 31 December 2012 will be payable in cash on 28 March 2013 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 15 March 2013.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 15 March 2013 in respect of transfers; and
(b) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the Rules of the Bursa Securities..

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
28 February 2013