

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2016**

	Quarter ended		Year ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
				<i>(Audited)</i>
<b>Revenue</b>	128,543	120,203	503,427	434,875
Operating expenses	(71,886)	(83,763)	(344,160)	(325,790)
Other operating income	2,721	1,546	7,879	11,141
<b>Profit before tax</b>	59,378	37,986	167,146	120,226
Tax expense	(14,405)	(942)	(43,028)	(23,778)
<b>Profit for the period representing total comprehensive income for the period</b>	<b>44,973</b>	<b>37,044</b>	<b>124,118</b>	<b>96,448</b>
<b>Earnings per share (sen)</b>				
Basic	5.62	4.63	15.52	12.06
Diluted	N/A	N/A	N/A	N/A

*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 2015 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 2016

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	673,959	614,480
Biological assets	1,377,427	1,360,883
	<u>2,051,386</u>	<u>1,975,363</u>
<b>Current assets</b>		
Inventories	72,087	64,247
Receivables	6,339	13,875
Tax recoverable	626	419
Money market deposits	122,136	98,636
Cash and cash equivalents	39,459	79,051
	<u>240,647</u>	<u>256,228</u>
<b>TOTAL ASSETS</b>	<u>2,292,033</u>	<u>2,231,591</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	800,000	800,000
Reserves	1,240,958	1,180,816
	<u>2,040,958</u>	<u>1,980,816</u>
Less: Treasury shares	(819)	(809)
<b>TOTAL EQUITY</b>	<u>2,040,139</u>	<u>1,980,007</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	191,949	187,763
<b>Current liabilities</b>		
Payables	49,821	55,371
Tax payable	10,124	8,450
	<u>59,945</u>	<u>63,821</u>
<b>TOTAL LIABILITIES</b>	<u>251,894</u>	<u>251,584</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,292,033</u>	<u>2,231,591</u>
<b>Net assets per share (RM)</b>	<u>2.55</u>	<u>2.48</u>
Based on number of shares net of treasury shares ('000)	799,695	799,699

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR YEAR ENDED 31 DECEMBER 2016**

	← Attributable to Owners of the Company →				Total Equity RM'000
	Share Capital RM'000	Non- distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Treasury Shares RM'000	
<b>At 1 January 2016</b>	800,000	675,578	505,238	(809)	1,980,007
Comprehensive income for the period	-	-	124,118	-	124,118
Purchase of treasury shares	-	-	-	(10)	(10)
Dividends	-	-	(63,976)	-	(63,976)
<b>At 31 December 2016</b>	<b>800,000</b>	<b>675,578</b>	<b>565,380</b>	<b>(819)</b>	<b>2,040,139</b>
<b>At 1 January 2015</b>	800,000	675,578	472,766	(799)	1,947,545
Comprehensive income for the period	-	-	96,448	-	96,448
Purchase of treasury shares	-	-	-	(10)	(10)
Dividends	-	-	(63,976)	-	(63,976)
<b>At 31 December 2015 (Audited)</b>	<b>800,000</b>	<b>675,578</b>	<b>505,238</b>	<b>(809)</b>	<b>1,980,007</b>

*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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR YEAR ENDED 31 DECEMBER 2016**

	<b>Year ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
		<i>(Audited)</i>
<b>Cash flows from operating activities</b>		
Profit before tax	167,146	120,226
Adjustments for:		
Non-cash items	33,347	30,192
Non-operating items	(259)	154
Dividend income	(3,182)	(3,777)
Interest income	(1,253)	(2,221)
Operating profit before working capital changes	195,799	144,574
Net changes in working capital	(5,854)	(17,153)
Net tax paid	(37,375)	(39,801)
Interest received	1,253	2,221
<b>Net cash generated from operating activities</b>	<b>153,823</b>	<b>89,841</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	3,182	3,743
(Increase)/decrease in money market deposits	(23,500)	12,598
Proceeds from disposal of property, plant and equipment	2,783	1,505
Purchase of property, plant and equipment	(95,350)	(56,816)
Additions to biological assets	(16,544)	(1,255)
<b>Net cash used in investing activities</b>	<b>(129,429)</b>	<b>(40,225)</b>
<b>Cash flows from financing activities</b>		
Shares repurchased at cost	(10)	(10)
Dividends paid to shareholders	(63,976)	(63,976)
<b>Net cash used in financing activities</b>	<b>(63,986)</b>	<b>(63,986)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(39,592)</b>	<b>(14,370)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>79,051</b>	<b>93,421</b>
<b>Cash and cash equivalents at end of period</b>	<b>39,459</b>	<b>79,051</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	35,541	64,182
Cash in hand and at bank	3,918	14,869
	<b>39,459</b>	<b>79,051</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2015.

#### 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 2015, except for changes arising from the adoption of FRS, IC Interpretations and Amendments that are effective for financial period beginning on or after 1 January 2016 which do not have material impact on the financial statements of the Group on the initial adoption.

##### 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 earnings. Accordingly, the consolidated financial statements could be different if prepared under the MFRS framework.

#### 3. Comments on the seasonality or cyclicity 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**

Share buyback by the Company

During the current quarter, 2,000 shares were bought back and there was no resale or cancellation of treasury shares. The monthly breakdown of shares bought back during the current quarter was as follows:

Month	No of shares Purchased	Purchase price per share		Average cost per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2016	-	-	-	-	-
November 2016	2,000	2.44	2.44	2.4645	4,928.96
December 2016	-	-	-	-	-
<b>Total</b>	<b>2,000</b>	<b>2.44</b>	<b>2.44</b>	<b>2.4645</b>	<b>4,928.96</b>

Accordingly, a total of 4,000 shares were bought back during the financial year.

As at 31 December 2016, the Company held a total of 304,800 ordinary shares 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**

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

	<b>Year ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2014:		
- Second interim (5 sen) under the single tier system approved by the Directors on 23 February 2015 and paid on 25 March 2015	-	39,985
Dividends in respect of financial year ended 31 December 2015:		
- First interim (3 sen) under the singer tier system approved by the Directors on 25 August 2015 and paid on 29 September 2015	-	23,991
- Second interim (5 sen) under the single tier system approved by the Directors on 23 February 2016 and paid on 24 March 2016	39,985	-
Dividend in respect of financial year ended 31 December 2016:		
- First interim (3 sen) under the singer tier system approved by the Directors on 24 August 2016 and paid on 27 September 2016	23,991	-
	<b>63,976</b>	<b>63,976</b>

**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 interim period**

Save for the subsequent events as disclosed in Note 9 of Part B below, there were no events after the interim period and up to 17 February 2017 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 does not have any contingent liability or contingent asset as at the end of the financial year which is expected to have an operational or financial impact on the Group.

**13. Capital commitments**

The Group has the following capital commitments:

	<b>As at</b>	<b>As at</b>
	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for	37,984	76,013
Authorised but not contracted for	99,424	102,770
	<u>137,408</u>	<u>178,783</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 25 May 2015 and 18 May 2016.

## PART B

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

#### 1. Review of performance

The Group's revenue for the current quarter at RM128.5 million was 7% above the preceding year corresponding quarter. Group profit before tax ["PBT"] and profit after tax ["PAT"] at RM59.4 million and RM45 million were higher than the preceding year corresponding quarter by 56% and 21% respectively.

Generally, the Group's revenue benefitted from higher average selling price realization of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] although offset somewhat by lower sales volume of both CPO and PK.

Average selling price per tonne of CPO and PK for the current quarter were RM2,924 and RM2,956 respectively as compared to the preceding year corresponding quarter of RM2,189 for CPO and RM1,669 for PK. CPO sales volume for the current quarter at 32,799 tonnes was 25% lower than the preceding year corresponding quarter whilst PK sales volume was 18% lower at 10,077 tonnes. The lower sales volume of CPO and PK were mainly due to lower fresh fruit bunches ["FFB"] production and lower deliveries affected by the timing of export shipments due to the year-end holidays season.

PBT and PAT for the current quarter were higher, boosted by the higher revenue and lower manuring costs with higher fertilizers application in the preceding quarters ahead of the year-end wet weather conditions. Tax expense was higher in the current quarter as the preceding year corresponding quarter benefitted from lower deferred tax liabilities arising from the reduction of statutory tax rate from 25% to 24%.

Overall, Group PBT and PAT for the year at RM167.1 million and RM124.1 million were higher than the preceding year by 39% and 29% respectively. This was mainly attributable to higher average selling price realization offset somewhat by lower sales volume as production output in the first quarter and final quarter of the year were affected by the severe dry weather in Sabah caused by the El Nino weather phenomenon and year-end wet weather conditions respectively. Basic earnings per share for the year at 15.52 sen was 29% higher than last year of 12.06 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 4% above the preceding quarter of RM56.9 million mainly attributable to higher average selling prices for both CPO and PK inspite of lower sales volume.

Average selling price realization of CPO and PK were both 11% higher than the preceding quarter average selling price per tonne of RM2,644 and RM2,669 respectively. CPO and PK sales volume for the current quarter were 33% and 3% lower than the preceding quarter of 49,127 tonnes and 10,339 tonnes respectively mainly due to lower FFB production as FFB yield was affected by the year-end wet weather conditions.

#### 3. Current year prospects

Malaysia's palm oil production in 2016 fell 13% to 17.32 million tonnes from 19.96 million tonnes in 2015 due to the prolonged effects of the El Nino weather phenomenon with palm oil inventories closing at 1.77 million tonnes at end of 2016, the lowest recorded since 2011. This has somewhat supported the current palm oil prices which are expected to remain strong in the first half of the year as global palm oil inventory level is forecasted to be low, caused by the lower palm oil production as well as the implementation of mandatory biodiesel programmes in Malaysia and Indonesia. However, prices may be lower in the second half of the year ["2H2017"] as production recovers.

In spite of the lower price outlook in 2H2017, the Group is optimistic of achieving satisfactory results for the current financial year ending 31 December 2017.



4. **Variations between actual profit and forecast profit**

Variations 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	262	641	1,253	2,221
Dividend income from money market deposits	1,200	1,057	3,182	3,777
Foreign exchange gain/(loss)	(34)	(488)	(592)	1,299
Depreciation and amortisation	(8,800)	(7,638)	(33,191)	(30,000)
Property, plant and equipment written off	(148)	-	(156)	(192)
Gain/(Loss) on disposal of property, plant and equipment	146	(70)	259	(154)

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 ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	12,493	7,521	38,987	32,199
- deferred tax	2,103	(5,770)	3,381	(7,710)
	14,596	1,751	42,368	24,489
In respect of prior periods				
- income tax	(996)	-	(145)	98
- deferred tax	805	(809)	805	(809)
	(191)	(809)	660	(711)
	14,405	942	43,028	23,778

The Group's effective tax rates for the current quarter and year excluding under/(over) provision of tax in respect of prior period were above the statutory tax rate due to certain expenses being disallowed for tax purposes. The Group's effective tax rates for preceding year corresponding quarter and year were lower than the statutory tax rate mainly due to adjustments arising from the reduction in statutory tax rate on deferred tax liabilities.

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 17 February 2017.

**8. Borrowings and debt securities**

The Group does not have any borrowing nor debt security.

**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 than 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 ["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 commenced a legal suit vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1<sup>st</sup> Defendant"] and on 16 June 2012, HCH was added as the second defendant ["2<sup>nd</sup> Defendant"] to the said legal suit ["KL RESB Suit"].

On 10 August 2012, upon the 1<sup>st</sup> Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah & Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1<sup>st</sup> and 2<sup>nd</sup> Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK 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 1<sup>st</sup> 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 2<sup>nd</sup> Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (vi) Costs of the KK RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Pending the disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1<sup>st</sup> and 2<sup>nd</sup> Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

The Company has been advised by Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the KK RESB Suit.

**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 than 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 the High Court of Sabah & Sarawak at Kota Kinabalu [“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:

- (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.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC allowed both the KK RESB Suit and KK Suit to be consolidated upon RESB’s application.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., 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 financial year.

**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 or losses (unaudited)**

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
	RM'000	RM'000 <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	960,346	893,097
- Unrealised	(137,579)	(132,689)
	<u>822,767</u>	<u>760,408</u>
Less: Consolidation adjustments	(257,387)	(255,170)
Total Group retained earnings as per consolidated financial statements	<u><u>565,380</u></u>	<u><u>505,238</u></u>

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

(a) 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 as follows:

	<b>Quarter Ended</b>		<b>Year ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Profit attributable to owners of the Company (RM'000)	<u>44,973</u>	<u>37,044</u>	<u>124,118</u>	<u>96,448</u>
Weighted average number of ordinary shares in issue	<u>799,696</u>	<u>799,701</u>	<u>799,698</u>	<u>799,702</u>
Basic EPS (sen)	<u>5.62</u>	<u>4.63</u>	<u>15.52</u>	<u>12.06</u>

(b) The Company does not have any diluted EPS.

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#### 14. Dividend

Dividends for the current financial year ended 31 December 2016 are as follows:

- (a) First interim dividend of 3 sen (2015: 3 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. The said first interim dividend was approved by the Board of Directors on 24 August 2016 and paid on 27 September 2016;
- (b) The Board of Directors has on even date approved the following second interim dividend for the year ended 31 December 2016:
  - (i) Second interim dividend 8 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
  - (ii) Previous year corresponding period  
Second interim dividend 5 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
  - (iii) Total dividends for the current financial year 11 sen (2015: 8 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
- (c) The dividend will be payable in cash on 23 March 2017; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 9 March 2017.

#### **NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE**

**NOTICE IS HEREBY GIVEN** that the second interim dividend of 8 sen per ordinary share 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 2016 will be payable in cash on 23 March 2017 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 9 March 2017.

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 9 March 2017 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 2015 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 a further extension of time to July 2017 ["said Extention"] 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:

- (i) 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;
- (ii) 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
- (iii) the Company and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

It is a condition of the Litang Estate that "Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein except as provided above".

To the best of the Company's knowledge, the said Extension was granted on the basis that frequent floods had hindered the full development or planting up of the Litang Estate in accordance with the title conditions.

As part of its effort to comply with the SC condition, the Company has taken the following steps to fully develop the Litang Estate:

- (i) constructing of a drain for every 4 rows of palms;
- (ii) regular de-silting of drains in and around the affected region;
- (iii) protect and maintain riparian reserves to prevent and reduce the rate of siltation of drains and rivers through soil erosion;
- (iv) re-supply palms killed after every flood event until such time the palms are able to survive through the floods;
- (v) specially formulated fertilizer recommendations provided to affected areas; and
- (vi) palms planted on platforms for lower lying areas.

**BY ORDER OF THE BOARD**

**CHEAH YEE LENG**

**LIM GUAN NEE**

Secretaries

Kuala Lumpur  
22 February 2017