

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2017**

	Quarter ended			Year ended		
	31.12.2017 RM'000	31.12.2016 RM'000	Increase/ (Decrease)	31.12.2017 RM'000	31.12.2016 RM'000	Increase/ (Decrease)
Revenue	163,882	128,543	27%	555,072	503,427	10%
Operating expenses	(109,554)	(71,886)		(388,546)	(344,160)	
Other operating income	4,798	2,721		12,132	7,879	
Profit before tax	59,126	59,378	-0.4%	178,658	167,146	7%
Tax expense	(13,175)	(14,405)		(43,835)	(43,028)	
Profit for the period representing total comprehensive income for the period	<u>45,951</u>	<u>44,973</u>	2%	<u>134,823</u>	<u>124,118</u>	9%
Earnings per share (sen)						
Basic	<u>5.75</u>	<u>5.62</u>	2%	<u>16.86</u>	<u>15.52</u>	9%
Diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2017**

	As at 31.12.2017	As at 31.12.2016
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	686,820	673,959
Biological assets	1,377,970	1,377,427
	<u>2,064,790</u>	<u>2,051,386</u>
Current assets		
Inventories	67,483	72,087
Receivables	50,875	6,339
Tax recoverable	446	626
Money market deposits	90,990	122,136
Cash and cash equivalents	44,774	39,459
	<u>254,568</u>	<u>240,647</u>
TOTAL ASSETS	<u>2,319,358</u>	<u>2,292,033</u>
Equity attributable to owners of the Company		
Share capital	1,475,578	800,000
Reserves	596,243	1,240,958
	<u>2,071,821</u>	<u>2,040,958</u>
Less: Treasury shares	(829)	(819)
TOTAL EQUITY	<u>2,070,992</u>	<u>2,040,139</u>
Non-current liabilities		
Deferred tax liabilities	194,546	191,949
Current liabilities		
Payables	48,815	49,821
Tax payable	5,005	10,124
	<u>53,820</u>	<u>59,945</u>
TOTAL LIABILITIES	<u>248,366</u>	<u>251,894</u>
TOTAL EQUITY AND LIABILITIES	<u>2,319,358</u>	<u>2,292,033</u>
Net assets per share (RM)	<u>2.59</u>	<u>2.55</u>
Number of shares net of treasury shares ('000)	799,691	799,695

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR YEAR ENDED 31 DECEMBER 2017**

	← 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	
At 1 January 2017	800,000	675,578	565,380	(819)	2,040,139
Transition to no-par value regime under the Companies Act 2016*	675,578	(675,578)	-	-	-
Comprehensive income for the period	-	-	134,823	-	134,823
Purchase of treasury shares	-	-	-	(10)	(10)
Dividends	-	-	(103,960)	-	(103,960)
At 31 December 2017	1,475,578	-	596,243	(829)	2,070,992
At 1 January 2016	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)
At 31 December 2016 (Audited)	800,000	675,578	565,380	(819)	2,040,139

* The new Companies Act 2016 ("Act"), which was effective from 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, amount standing to the credit of the share premium account became part of the share capital pursuant to the transitional provisions as set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR ENDED 31 DECEMBER 2017**

	Year ended	
	31.12.2017	31.12.2016
	RM'000	RM'000 (Audited)
Cash flows from operating activities		
Profit before tax	178,658	167,146
Adjustments for:		
Non-cash items	37,599	33,347
Non-operating items	(1,639)	(259)
Dividend income	(3,794)	(3,182)
Interest income	(1,027)	(1,253)
Operating profit before working capital changes	209,797	195,799
Net changes in working capital	(40,852)	(5,871)
Net tax paid	(46,177)	(37,375)
Interest received	1,027	1,253
Net cash generated from operating activities	123,795	153,806
Cash flows from investing activities		
Dividend received from money market deposits	3,708	3,199
Decrease/(increase) in money market deposits	31,146	(23,500)
Proceeds from disposal of property, plant and equipment	12,682	2,783
Purchase of property, plant and equipment	(61,503)	(95,350)
Additions to biological assets	(543)	(16,544)
Net cash used in investing activities	(14,510)	(129,412)
Cash flows from financing activities		
Shares repurchased at cost	(10)	(10)
Dividends paid to shareholders	(103,960)	(63,976)
Net cash used in financing activities	(103,970)	(63,986)
Net change in cash and cash equivalents	5,315	(39,592)
Cash and cash equivalents at beginning of period	39,459	79,051
Cash and cash equivalents at end of period	44,774	39,459
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	29,319	35,541
Cash in hand and at bank	15,455	3,918
	44,774	39,459

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2016.

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 2016, 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 2017 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 MFRS and International Financial Reporting Standards ["IFRS"]. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS framework.

Material effects of the initial application of the above accounting standards to the Group and to be applied retrospectively, are discussed below:

(a) Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141, all the new planting expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity was capitalised under plantation development expenditure and was not amortised. Replanting expenditure which represents cost incurred in replanting old planted areas, was charged to profit or loss as and when incurred. Biological assets which form part of the bearer plants were not recognised separately.

With the adoption of the Amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost less accumulated depreciation whereas biological assets within the scope of MFRS 141 are measured at fair value less costs to sell.

The adoption of the Amendments will result in additional depreciation on property, plant and equipment and replanting expenditure that were charged to profit or loss prior to the adoption of the Amendments will be reversed and capitalised under property, plant and equipment. Changes in fair value less costs to sell of the biological assets will be recognised in the profit or loss.

The Group is currently in the midst of completing its assessment on the financial effects from the adoption of the Amendments to MFRS 116 and MFRS 141.

2. Significant accounting policies (continued)

Malaysian Financial Reporting Standards ["MFRS"] (continued)

(b) MFRS 9, *Financial Instruments*

MFRS 9, replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The initial adoption of MFRS 9 does not have any material financial impact to the financial statements of the Group.

(c) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The initial adoption of MFRS 15 does not have any material financial impact to the financial statements of the Group.

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 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**

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 follow:

Month	No of shares Purchased	Purchase price per share		Average cost per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2017	-	-	-	-	-
November 2017	2,000	2.58	2.58	2.6050	5,210.04
December 2017	-	-	-	-	-
Total	2,000	2.58	2.58	2.6050	5,210.04

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

As at 31 December 2017, the Company held a total of 308,800 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 800,000,000 ordinary shares.

7. **Dividends**

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

	Year ended	
	31.12.2017	31.12.2016
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2015:		
- 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 single tier system approved by the Directors on 24 August 2016 and paid on 27 September 2016	-	23,991
- Second interim (8 sen) under the single tier system approved by the Directors on 22 February 2017 and paid on 23 March 2017	63,976	-
Dividend in respect of financial year ended 31 December 2017:		
- First interim (5 sen) under the single tier system approved by the Directors on 23 August 2017 and paid on 26 September 2017	39,984	-
	103,960	63,976

8. Segment information

The Group has only one reportable segment. All information on segment assets and operating results can be directly obtained from the statement of financial position and statement of profit or loss and other comprehensive income. The total revenue is derived primarily from external customers.

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 and up to 21 February 2018.

11. Events after the end of the interim period

Save for the subsequent events as disclosed in Note 7 and Note 9 of Part B, there were no events after the end of the interim period and up to 21 February 2018 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:

	As at	As at
	31.12.2017	31.12.2016
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for	45,436	37,984
Authorised but not contracted for	104,193	99,424
	<u>149,629</u>	<u>137,408</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 or exceeded by 10% of the estimated value which had been mandated by the shareholders at the extraordinary general meeting held on 18 May 2016 and annual general meeting held on 24 May 2017.

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 RM163.9 million was 27% higher than the preceding year corresponding quarter mainly attributable to higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] despite lower average selling prices.

CPO sales volume for the current quarter at 49,907 tonnes was 52% higher than the preceding year corresponding quarter, benefitted from favourable inventory movements and higher fresh fruit bunches ["FFB"] production in the current quarter which was 7% above the preceding year corresponding quarter. The higher FFB production also boosted PK sales volume for the current quarter which increased by 6% to 10,718 tonnes.

Average selling price per tonne of CPO and PK for the current quarter were lower at RM2,676 and RM2,595 respectively as compared to the preceding year corresponding quarter of RM2,924 for CPO and RM2,956 for PK.

Profit before tax ["PBT"] for the current quarter at RM59.1 million was in line with the preceding year corresponding quarter whilst profit after tax ["PAT"] at RM46 million was 2% above the preceding year corresponding quarter.

PBT and PAT for the financial year under review at RM178.7 million and RM134.8 million were higher than the preceding year by 7% and 9% respectively, benefitting from higher sales volume and higher average selling price realization of CPO which were 4% and 9% above last year. In tandem with this, basic earnings per share for the year at 16.86 sen was 9% higher than last year of 15.52 sen.

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

	Current Quarter ended 31.12.2017 RM'000	Immediate Preceding Quarter ended 30.9.2017 RM'000	Increase/ (Decrease)
Revenue	<u>163,882</u>	<u>113,580</u>	44%
Profit before tax	<u>59,126</u>	<u>34,427</u>	72%
Profit after tax	<u>45,951</u>	<u>25,905</u>	77%

Group PBT for the current quarter at RM59.1 million was 72% higher than the immediate preceding quarter mainly attributable to higher sales volume of CPO and PK inspite of lower average selling price per tonne of CPO.

Sales volume of CPO and PK for the current quarter were 50% and 29% higher than the immediate preceding quarter of 33,376 tonnes and 8,331 tonnes respectively, benefitting mainly from higher FFB production in the current quarter which was 18% above the immediate preceding quarter. CPO sales volume also benefitted from favourable inventory movements in the current quarter.

Average selling price per tonne of CPO was 3% lower than the immediate preceding quarter of RM2,765 per tonne whilst average selling price of PK was 12% above the immediate preceding quarter of RM2,327 per tonne.

3. Current year prospects

Malaysia's palm oil inventories of 2.73 million tonnes at the end of 2017 was at its highest in 2 years. At end of January 2018, closing inventories had reduced to 2.55 million tonnes but was still significantly higher than a year ago.

Based on the Malaysian Palm Oil Board's statistics, Malaysian palm oil exports in January 2018 increased by 6% to 1.51 million tonnes as compared to December 2017 whilst CPO production was 13% lower at 1.59 million tonnes for the same period.

Measures taken by the Malaysian government such as the suspension of CPO export tax for 3 months would boost exports particularly to China and India, thus reducing the high stockpile and consequently support palm oil prices in the near term. China, being a major consumer of palm oil will continue to purchase palm oil from Malaysia and Indonesia. In addition, weather concerns in the U.S. with forecasts of dry conditions threatening to reduce harvests of wheat and soybean in key growing areas, have also spurred prices of global vegetable oils recently which would normally cause palm oil prices to rise in tandem.

Based on the foregoing, the Group is optimistic of achieving satisfactory results for the current financial year ending 31 December 2018.

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 before tax

	Quarter ended		Year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	223	262	1,027	1,253
Dividend income from money market deposits	1,064	1,200	3,794	3,182
Foreign exchange loss	-	(34)	-	(592)
Depreciation and amortisation	(9,595)	(8,800)	(37,298)	(33,191)
Property, plant and equipment written off	(46)	(148)	(301)	(156)
Gain on disposal of property, plant and equipment	653	146	1,639	259

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	11,081	12,493	41,524	38,987
- deferred tax	2,301	2,103	2,804	3,381
	<u>13,382</u>	<u>14,596</u>	<u>44,328</u>	<u>42,368</u>
In respect of prior periods				
- income tax	-	(996)	(286)	(145)
- deferred tax	(207)	805	(207)	805
	<u>(207)</u>	<u>(191)</u>	<u>(493)</u>	<u>660</u>
	<u>13,175</u>	<u>14,405</u>	<u>43,835</u>	<u>43,028</u>

The Group's effective tax rates for the current quarter excluding (over)/under provision of tax in respect of prior periods was lower than the statutory tax rate due to certain income being non-taxable whilst the effective tax rate for the year was higher than the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rates for preceding year corresponding quarter and year were also above the statutory tax rate due to certain expenses being disallowed for tax purposes.

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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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at 21 February 2018.

On 21 February 2018, the Company entered into the following agreements in connection with the proposed acquisition of 1,280,194,500 ordinary shares in Kretam Holdings Berhad ["KHB"] ["KHB Shares"], representing approximately 55.0% equity interest in KHB for a cash consideration of RM1,177,778,940 or RM0.92 per KHB Share ["Proposed Acquisition"]:

- (i) conditional share sale agreement with Datuk Lim Nyuk Sang @ Freddie Lim for the purchase of 779,336,900 KHB Shares, representing approximately 33.5% equity interest in KHB, for a cash consideration of RM716,989,948 or RM0.92 per KHB Share ["SSA 1"]; and
- (ii) conditional share sale agreement with Santraprise Sdn Bhd for the purchase of 500,857,600 KHB Shares, representing approximately 21.5% equity interest in KHB, for a cash consideration of RM460,788,992 or RM0.92 per KHB Share ["SSA 2"].

(SSA 1 and SSA 2 are collectively referred to as "SSAs").

Upon completion of the Proposed Acquisition, the Company's shareholding in KHB will increase from nil to approximately 55.0%. Accordingly, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 and Paragraph 4.01(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ["Rules"], the Company would be obliged to extend the proposed mandatory general offer ["MGO"] for all the remaining KHB Shares not already owned by the Company and persons acting in concert with it, if any, after the Proposed Acquisition ["Remaining Shares"] for a cash consideration of RM0.92 per KHB Share ["Proposed MGO"]. Upon the SSAs becoming unconditional, the Company will serve the notice of MGO on the Board of Directors of KHB, in accordance with Paragraph 9.10 of the Rules.

The Proposed Acquisition and Proposed MGO are subject to the terms and conditions of the SSAs and the following approvals being obtained:

- (i) approval of the shareholders of the Company at an extraordinary general meeting to be convened; and
- (ii) any other relevant authorities or parties, if required.

The Proposed Acquisition is conditional upon the Proposed MGO. However, the Proposed MGO is conditional upon the SSAs becoming unconditional.

8. Borrowings and debt securities

The Group does not have any borrowing nor debt security.

9. **Changes in material litigations (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) 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 [“KL RESB Suit”] vide a writ of summon at Kuala Lumpur High Court [“KLHC”] against EISB [“1st Defendant”] and HCH was added as the second defendant [“2nd Defendant”] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant’s application, the KL RESB Suit was transferred to the High Court of Sabah and 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 1st and 2nd 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 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 KK RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Pending 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 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above [“KK Interlocutory Injunction”].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB’s application [“Consolidated RESB Suit”]. The Consolidated RESB Suit was part heard from 13 to 15 September, 20 to 21 September 2017, 12 October 2017, 25 October 2017 and 24 November 2017. The Consolidated RESB Suit has been fixed for continued hearing from 26 to 28 February 2018.

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 litigations (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 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 consolidated the KK RESB Suit and KK Suit upon RESB’s application [“Consolidated RESB Suit”].

The Consolidated RESB Suit was part heard from 13 to 15 September, 20 to 21 September 2017, 12 October 2017, 25 October 2017 and 24 November 2017. The Consolidated RESB Suit has been fixed for continued hearing from 26 to 28 February 2018.

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

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9. Changes in material litigations (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) Pelipikan Plantation Sdn Bhd ["PPSB"], the wholly-owned subsidiary of the Company 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 was filed on 7 August 2014 in the High Court of Sabah & Sarawak at Kota Kinabalu ["KKHC"] vide suit no. BKI-22NCvC66/8-2014 ["First Suit"] by 94 natives of Sabah ["First Suit Plaintiffs"] claiming interest and ownership, legal and beneficial, in respect of 113 titles which form part of the Pelipikan Sub-Leased Lands ["First Suit Disputed Titles"] against one Hatija Binti Hassan as the first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant. Pursuant to a consent order ["said Consent Order"] recorded before the KKHC on 15 May 2015, the First Suit was struck off with no order as to costs.

PPSB was informed by its solicitors, Messrs Shim Pang & Co. on 20 April 2017 that it has been served with a writ of summon filed in KKHC vide suit no. BKI-22NCvC51/4-2017 ["Second Suit"] by 70 natives of Sabah, who form part of the First Suit Plaintiffs ["said Plaintiffs"] claiming legal and beneficial ownership in respect of 86 titles, which form part of the First Suit Disputed Titles ["said 86 Titles"]. The said Plaintiffs named one Sugumar Balakrishnan as the first defendant, Sugumar & Co (Firm) as the second defendant, Hatija Binti Hassan as the third defendant, Juniah @ Rubiah Bt. Okk Zainal as the fourth defendant and PPSB as the fifth defendant. The first and second defendants were the solicitors acting for the First Suit Plaintiffs in the First Suit.

In the Second Suit, the said Plaintiffs alleged, inter alia that the said Consent Order was fraudulently obtained by their previous solicitors, i.e. the first and second defendants without the informed consent and/or instruction of the First Suit Plaintiffs.

The said Plaintiffs are claiming for the following reliefs in the Second Suit:

- (i) a declaration that the said Consent Order was null and void and of no effect;
- (ii) a declaration that all acts, actions, proceedings including land enquiry proceedings, decisions, dealings and/or transactions with the said 86 Titles and any consequential matters relying on or consequential to the said Consent Order are invalid, null and void;
- (iii) an order that the said Consent Order be set aside;
- (iv) an order that the First Suit shall continue and proceed to trial;
- (v) in the alternative, damages against the first and second defendant in the Second Suit jointly and severally to be assessed;
- (vi) costs to the said Plaintiffs; and
- (vii) such further or other relief as the KKHC deems fit and just.

The Company has been advised by its solicitors that the Second 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. 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:

	Quarter Ended		Year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to owners of the Company (RM'000)	<u>45,951</u>	<u>44,973</u>	<u>134,823</u>	<u>124,118</u>
Weighted average number of ordinary shares in issue	<u>799,692</u>	<u>799,696</u>	<u>799,694</u>	<u>799,698</u>
Basic EPS (sen)	<u>5.75</u>	<u>5.62</u>	<u>16.86</u>	<u>15.52</u>

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

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14. Dividends

Dividends for the current financial year ended 31 December 2017 are as follows:

- (a) First interim dividend of 5 sen (2016: 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 Board of Directors on 23 August 2017 and paid on 26 September 2017;
- (b) The Board of Directors has on even date approved the following interim dividend for the year ended 31 December 2017:
- | | |
|---|--|
| (i) Amount per ordinary share
- Second interim dividend | 6 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
- Second interim dividend | 8 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
| (iii) Total dividends approved to date for the current financial year:
Amount per ordinary share | 11 sen (2016: 11 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 28 March 2018; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 14 March 2018.

NOTICE OF INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the second interim dividend of 6 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 2017, will be payable in cash on 28 March 2018 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 14 March 2018.

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 14 March 2018 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 2016 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”].

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”.

As announced on 31 July 2017, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2022 [“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.

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

27 February 2018