

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	Quarter ended			Year-to-date ended		
	30.9.2019 RM'000	30.9.2018 RM'000	Increase/ (Decrease)	30.9.2019 RM'000	30.9.2018 RM'000	Increase/ (Decrease)
Revenue	87,489	65,587	33%	293,735	294,662	(0.3%)
Operating expenses	(86,648)	(71,394)		(295,706)	(275,465)	
Other operating income	2,243	3,417		8,663	7,965	
Operating profit/(loss)	3,084	(2,390)	>100%	6,692	27,162	(75%)
Finance costs	(567)	-		(1,714)	-	
Profit/(Loss) before tax	2,517	(2,390)	>100%	4,978	27,162	(82%)
Tax expense	(2,415)	5,998		(4,695)	(4,132)	
Profit for the period representing total comprehensive income for the period	102	3,608	(97%)	283	23,030	(99%)
Earnings per share (sen)						
Basic	0.01	0.45	(98%)	0.04	2.88	(99%)
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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2019**

	As at 30.9.2019	As at 31.12.2018
	RM'000	RM'000 (Audited)
Non-current assets		
Property, plant and equipment	1,841,305	1,837,769
Right-of-use assets	44,800	-
	<u>1,886,105</u>	<u>1,837,769</u>
Current assets		
Inventories	61,204	82,878
Biological assets	21,535	15,772
Receivables	25,160	15,304
Current tax assets	6,347	11,503
Money market deposits	74,873	66,518
Cash and cash equivalents	34,558	40,311
	<u>223,677</u>	<u>232,286</u>
TOTAL ASSETS	<u><u>2,109,782</u></u>	<u><u>2,070,055</u></u>
Equity attributable to owners of the Company		
Share capital	1,475,578	1,475,578
Merger reserves	(1,347,761)	(1,347,761)
Retained earnings	1,495,029	1,511,455
	<u>1,622,846</u>	<u>1,639,272</u>
Less: Treasury shares	(841)	(838)
TOTAL EQUITY	<u>1,622,005</u>	<u>1,638,434</u>
Non-current liabilities		
Deferred tax liabilities	389,055	389,251
Lease liabilities	40,316	-
	<u>429,371</u>	<u>389,251</u>
Current liabilities		
Payables	48,174	42,025
Lease liabilities	9,582	-
Current tax liabilities	650	345
	<u>58,406</u>	<u>42,370</u>
TOTAL LIABILITIES	<u>487,777</u>	<u>431,621</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,109,782</u></u>	<u><u>2,070,055</u></u>
Net assets per share (RM)	<u>2.03</u>	<u>2.05</u>
Number of shares net of treasury shares ('000)	799,685	799,687

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	← Attributable to Owners of the Company →				Total equity RM'000
	Share capital RM'000	Non- distributable Merger reserves RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	
At 1 January 2019					
- As previously stated	1,475,578	(1,347,761)	1,511,455	(838)	1,638,434
- Effect of adoption of MFRS 16	-	-	(4,714)	-	(4,714)
- As restated	1,475,578	(1,347,761)	1,506,741	(838)	1,633,720
Total comprehensive income for the period	-	-	283	-	283
Purchase of treasury shares	-	-	-	(3)	(3)
Dividends	-	-	(11,995)	-	(11,995)
At 30 September 2019	1,475,578	(1,347,761)	1,495,029	(841)	1,622,005
At 1 January 2018	1,475,578	(1,347,761)	1,542,323	(829)	1,669,311
Total comprehensive income for the period	-	-	23,030	-	23,030
Purchase of treasury shares	-	-	-	(5)	(5)
Dividends	-	-	(59,977)	-	(59,977)
At 30 September 2018	1,475,578	(1,347,761)	1,505,376	(834)	1,632,359

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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	Year-to-date ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,978	27,162
Adjustments for:		
Non-cash items	61,045	52,195
Non-operating items	(1,462)	(581)
Dividend income	(1,364)	(1,714)
Net interest expense/(income)	1,023	(764)
Operating profit before working capital changes	64,220	76,298
Net changes in working capital	17,225	31,347
Net tax refunded/(paid)	570	(26,727)
Net interest (paid)/received	(800)	764
Net cash generated from operating activities	81,215	81,682
Cash flows from investing activities		
Dividend received from money market deposits	1,356	1,507
(Increase)/Decrease in money market deposits	(8,355)	5,886
Proceeds from disposal of property, plant and equipment	4,283	2,553
Purchase of property, plant and equipment	(65,836)	(53,546)
Net cash used in investing activities	(68,552)	(43,600)
Cash flows from financing activities		
Shares repurchased at cost	(3)	(5)
Dividends paid	(11,995)	(59,977)
Payment of lease liabilities	(6,418)	-
Net cash used in financing activities	(18,416)	(59,982)
Net change in cash and cash equivalents	(5,753)	(21,900)
Cash and cash equivalents at beginning of period	40,311	44,774
Cash and cash equivalents at end of period	34,558	22,874
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	27,900	17,751
Cash in hand and at bank	6,658	5,123
	34,558	22,874

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements

Basis of Preparation

These interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard [“MFRS”] 134, *Interim Financial Reporting* and paragraph 9.22 of 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 2018.

Part A: Explanatory Notes Pursuant to MFRS 134

1. 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 2018 except for changes arising from the adoption of MFRS 16, *Leases* as disclosed below.

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The right-of-use asset is depreciated in accordance with the principle in MFRS 116, *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in profit or loss. A lessor continues to classify all leases as either operating leases or finance leases using similar principles as in MFRS 117.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option [“short-term leases”], and lease contracts for which the underlying asset is low value [“low-value assets”].

The effects of adoption of MFRS 16 as at 1 January 2019 are as follows:

	Increase/ (Decrease) RM’000
Right-of-use assets	49,006
Lease liabilities	53,720
Retained earnings	(4,714)

2. 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.

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3. 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.

4. 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.

5. Issues, cancellations, repurchases, resale and repayments of debt and equity securities
Share buyback by the Company

During the current quarter, there was no buyback of shares, resale or cancellation of treasury shares. Accordingly, the total number of shares bought back and retained as treasury shares during the interim period remained unchanged at 2,000.

As at 30 September 2019, the Company held a total of 314,800 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 800,000,000 ordinary shares.

6. Dividends

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

	Year-to-date ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2017:		
- Second interim (6 sen) under the single tier system approved by the Directors on 27 February 2018 and paid on 28 March 2018	-	47,981
Dividend in respect of financial year ended 31 December 2018:		
- First interim (1.5 sen) under the single tier system approved by the Directors on 28 August 2018 and paid on 28 September 2018	-	11,996
- Second interim (1 sen) under the single tier system approved by the Directors on 26 February 2019 and paid on 27 March 2019	7,997	-
Dividend in respect of financial year ending 31 December 2019:		
- First interim (0.5 sen) under the single tier system approved by the Directors on 28 August 2019 and paid on 27 September 2019	3,998	-
	11,995	59,977

7. Segment information

The Group has only one reportable segment. All information on segment assets, segment liabilities 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.

8. Events after the end of the interim period

Save for the subsequent events as disclosed in Note 9 of Part B, there were no events after the end of the interim period and up to 15 November 2019 that have not been reflected in these interim financial statements.

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 15 November 2019.

11. 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.

12. Capital commitments

The Group has the following capital commitments:

	As at 30.9.2019	As at 31.12.2018
	RM'000	RM'000
Contracted but not provided for		
- Property, plant and equipment	56,524	34,221

13. 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 or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 28 May 2018 and 29 May 2019.

Part B: Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities**1. Review of performance**

The Group's revenue for the current quarter at RM87.5 million was 33% above the preceding year corresponding quarter, benefitted from higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] but offset somewhat by lower average selling price realization of both products.

CPO sales volume for the current quarter was 37,828 tonnes, 62% above the preceding year corresponding quarter whilst PK sales volume was 12% higher at 7,571 tonnes. The higher sales volume of CPO was attributable to higher CPO production and favourable CPO inventory movements whilst PK sales volume benefitted mainly from higher PK production.

Production of CPO and PK for the current quarter were higher by 11% and 15% respectively as compared to the preceding year corresponding quarter attributable to higher fresh fruit bunches ["FFB"] production and higher extraction rate for CPO and PK. Current quarter's FFB production was 9% higher than the preceding year corresponding quarter with improvement in FFB yield from seasonal yield trend. Consequently, unit production cost of CPO for the current quarter was lower than the preceding year corresponding quarter.

Average selling price of CPO and PK for the current quarter were lower at RM2,038 per tonne and RM1,198 per tonne respectively as compared to the preceding year corresponding quarter of RM2,217 per tonne for CPO and RM1,827 per tonne for PK.

Overall, the Group profit before tax ["PBT"] for the current quarter was RM2.5 million as compared to the preceding year corresponding quarter's loss before tax ["LBT"] of RM2.4 million whilst profit after tax ["PAT"] at RM102,000 was lower than the preceding year correspondence quarter of RM3.6 million. Last year's PAT benefitted from the available tax benefit derived from the investment tax allowance on the Group's biogas plant.

Year to date PBT and PAT at RM5 million and RM283,000 were lower than the preceding year corresponding period by 82% and 99% respectively mainly due to lower average selling price for CPO and PK inspite of higher year to date sales volume for both products. Basic earnings per share for the year to date at 0.04 sen was 99% lower than preceding year corresponding period of 2.88 sen.

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

	Current Quarter ended 30.9.2019 RM'000	Immediate Preceding Quarter ended 30.6.2019 RM'000	Increase/ (Decrease)
Revenue	<u>87,489</u>	<u>79,976</u>	9%
Profit/(Loss) before tax	<u>2,517</u>	<u>(4,644)</u>	>100%
Profit/(Loss) after tax	<u>102</u>	<u>(4,287)</u>	>100%

The Group registered PBT for the current quarter at RM2.5 million as compared to the immediate preceding quarter's LBT of RM4.6 million. The better results were mainly due to higher sales volume of CPO with marginally higher average selling price for both CPO and PK.

Sales volume of CPO for the current quarter was 9% above the immediate preceding quarter of 34,647 tonnes whilst PK's sales volume was marginally lower than the immediate preceding quarter of 7,596 tonnes. Average selling price per tonne for CPO and PK were 1% and 2% higher than the immediate preceding quarter of RM2,017 and RM1,178 respectively.

3. Current year prospects

Malaysian palm oil inventories at end of September 2019 rose 9% month-on-month to 2.45 million tonnes but declined to a healthier balance of 2.35 million tonnes as at end of October 2019 in tandem with lower crude palm oil production.

To support the palm oil industry, both the Malaysian and Indonesian governments have announced in the earlier part of this year that the palm oil content in its domestic biodiesel consumption will be increased to 20% (B20) and 30% (B30) respectively in 2020.

The implementation of biodiesel mandates of B20 and B30 in Malaysia and Indonesia respectively would tightened global palm oil supply in 2020 amidst anticipated lower FFB yield trend caused by the dry weather conditions and haze experienced during the year as well as cut back of fertilizer applications by some planters due to low palm oil prices in recent years. This is expected to boost palm oil prices and based on the daily prices published by the Malaysian Palm Oil Board (MPOB), CPO prices have recovered 32% from its low of RM1,834 per tonne in March 2019 to RM2,421 per tonne on 8 November 2019.

Based on the foregoing, the Group expects better results in the fourth quarter as compared to the first three quarters of the year.

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.

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5. Profit/(Loss) before tax

	Quarter ended		Year-to-date ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after crediting/(charging):				
Interest income	238	210	691	764
Dividend income from money market deposits	412	797	1,364	1,714
Interest expense	(567)	-	(1,714)	-
Depreciation and amortisation	(22,235)	(19,598)	(66,568)	(58,314)
Property, plant and equipment written off	(25)	(118)	(240)	(191)
Gain on disposal of property, plant and equipment	156	311	1,462	581
Gain on fair value of biological assets	7,523	2,027	5,763	6,310

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

6. Tax expense

	Quarter ended		Year-to-date ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	(658)	(609)	5,279	13,725
- deferred tax	3,461	1,425	(196)	(2,779)
	2,803	816	5,083	10,946
In respect of prior periods				
- income tax	(388)	(6,814)	(388)	(6,814)
	2,415	(5,998)	4,695	4,132

The Group's effective tax rate (excluding over provision of tax in respect of prior period) for the current quarter and year to date were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and deferred tax assets not recognised on business losses by certain subsidiaries.

The Group's effective tax rate for the preceding year corresponding quarter and period (excluding over provision of tax in respect of prior period) were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. The over provision of income tax in respect of prior period in the preceding year corresponding quarter and period was mainly attributable to the tax benefit derived from the investment tax allowance on the Group's biogas plant.

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 15 November 2019.

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 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019 and 19 September 2019. The Consolidated RESB Suit has been fixed for continued hearing on 22 to 24 January 2020 and 6 to 7 February 2020.

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

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)**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 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019 and 19 September 2019. The Consolidated RESB Suit has been fixed for continued hearing on 22 to 24 January 2020 and 6 to 7 February 2020.

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. 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-to-date ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Profit attributable to owners of the Company (RM'000)	102	3,608	283	23,030
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,689	799,686	799,690
Basic EPS (sen)	0.01	0.45	0.04	2.88

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

13. Dividends

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

14. 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 2018 was not subject to any qualification.

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15. 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 Extension”] 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

20 November 2019