

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020**

	Quarter ended			Year-to-date ended		
	31.3.2020 RM'000	31.3.2019 RM'000	Increase/ (Decrease)	31.3.2020 RM'000	31.3.2019 RM'000	Increase/ (Decrease)
Revenue	101,861	126,270	(19%)	101,861	126,270	(19%)
Operating expenses	(109,664)	(121,772)		(109,664)	(121,772)	
Other operating income	1,458	3,174		1,458	3,174	
Operating (loss)/profit	(6,345)	7,672	(>100%)	(6,345)	7,672	(>100%)
Finance costs	(647)	(567)		(647)	(567)	
(Loss)/Profit before tax	(6,992)	7,105	(>100%)	(6,992)	7,105	(>100%)
Tax expense	976	(2,637)		976	(2,637)	
(Loss)/Profit for the period representing total comprehensive (expense)/income for the period	(6,016)	4,468	(>100%)	(6,016)	4,468	(>100%)
(Loss)/Earnings per share (sen)						
Basic	(0.75)	0.56	(>100%)	(0.75)	0.56	(>100%)
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 2019 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 31 MARCH 2020**

	As at 31.3.2020	As at 31.12.2019
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,882,175	1,894,871
Current assets		
Inventories	56,992	50,790
Biological assets	15,561	25,049
Receivables	19,944	30,017
Current tax assets	370	3,628
Money market deposits	123,453	84,027
Cash and cash equivalents	18,497	49,317
	<u>234,817</u>	<u>242,828</u>
TOTAL ASSETS	<u>2,116,992</u>	<u>2,137,699</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	1,503,533	1,525,543
	<u>1,631,350</u>	<u>1,653,360</u>
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	<u>1,630,509</u>	<u>1,652,519</u>
Non-current liabilities		
Deferred tax liabilities	380,350	384,325
Lease liabilities	48,208	50,492
	<u>428,558</u>	<u>434,817</u>
Current liabilities		
Payables	45,543	38,580
Lease liabilities	9,262	9,263
Current tax liabilities	3,120	2,520
	<u>57,925</u>	<u>50,363</u>
TOTAL LIABILITIES	<u>486,483</u>	<u>485,180</u>
TOTAL EQUITY AND LIABILITIES	<u>2,116,992</u>	<u>2,137,699</u>
Net assets per share (RM)	<u>2.04</u>	<u>2.07</u>
Number of shares net of treasury shares ('000)	799,685	799,685

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 THE YEAR-TO-DATE ENDED 31 MARCH 2020**

	← Attributable to Owners of the Company →				Total equity RM'000
	Non-distributable Share capital RM'000	Distributable Merger reserves RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	
At 1 January 2020	1,475,578	(1,347,761)	1,525,543	(841)	1,652,519
Total comprehensive expense for the period	-	-	(6,016)	-	(6,016)
Dividends	-	-	(15,994)	-	(15,994)
At 31 March 2020	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,503,533</u>	<u>(841)</u>	<u>(1,630,509)</u>
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	-	-	(5,366)	-	(5,366)
- As restated	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,506,089</u>	<u>(838)</u>	<u>1,633,068</u>
Total comprehensive income for the period	-	-	4,468	-	4,468
Dividends	-	-	(7,997)	-	(7,997)
At 31 March 2019	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,502,560</u>	<u>(838)</u>	<u>1,629,539</u>

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 2019 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 THE YEAR-TO-DATE ENDED 31 MARCH 2020**

	Year-to-date ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(6,992)	7,105
Adjustments for:		
Non-cash items	31,827	25,747
Non-operating items	(56)	(1,068)
Dividend income	(426)	(449)
Net interest expense	437	384
Operating profit before working capital changes	24,790	31,719
Net changes in working capital	10,834	(8,805)
Net tax refunded/(paid)	859	(2,669)
Net interest paid	(437)	(114)
Net cash generated from operating activities	36,046	20,131
Cash flows from investing activities		
Dividend received from money market deposits	426	409
(Increase)/Decrease in money market deposits	(39,426)	4,592
Proceeds from disposal of property, plant and equipment	56	1,648
Purchase of property, plant and equipment	(9,643)	(19,166)
Net cash used in investing activities	(48,587)	(12,517)
Cash flows from financing activities		
Dividends paid	(15,994)	(7,997)
Payment of lease liabilities	(2,285)	(2,010)
Net cash used in financing activities	(18,279)	(10,007)
Net change in cash and cash equivalents	(30,820)	(2,393)
Cash and cash equivalents at beginning of period	49,317	40,311
Cash and cash equivalents at end of period	18,497	37,918
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	13,340	30,911
Cash in hand and at bank	5,157	7,007
	18,497	37,918

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019.

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 2019.

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.

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 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 nor cancellation of treasury shares.

As at 31 March 2020, 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 interim period and preceding year corresponding period were as follows:

	Year-to-date ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2018:		
- 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 ended 31 December 2019:		
- Second interim (2 sen) under the single tier system approved by the Directors on 24 February 2020 and paid on 24 March 2020	15,994	-
	15,994	7,977

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 22 May 2020 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 22 May 2020.

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 31.3.2020	As at 31.12.2019
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	<u>78,932</u>	<u>46,675</u>

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 meeting held on 29 May 2019.

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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 RM101.9 million was 19% lower than the preceding year corresponding quarter, mainly affected by lower sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] but mitigated somewhat by higher average selling price realization of both products.

Average selling price of CPO and PK for the current quarter were RM2,814 per tonne and RM1,702 per tonne respectively as compared to the preceding year corresponding quarter of RM2,099 per tonne for CPO and RM1,370 per tonne for PK.

CPO sales volume for the current quarter at 31,120 tonnes was 41% below the preceding year corresponding quarter whilst PK sales volume was 30% lower at 7,585 tonnes in tandem with the lower fresh fruit bunches ["FFB"] production. The lower CPO sales volume in the current quarter was also due to favourable inventories movement in the preceding year corresponding quarter.

FFB production for the current quarter was 30% below the preceding year corresponding quarter affected by lower FFB yield due to seasonal yield trend and changes in cropping patterns, further aggravated by the suspension of operations for the plantation sector in Tawau, Lahad Datu and Kinabatangan from 25 March to 9 April by the Sabah State Government as a consequence of the Covid-19 Movement Control Order ["MCO"]. Consequently, production for CPO and PK for the current quarter were lower by 28% and 31% respectively as compared to the preceding year corresponding quarter. The lower CPO production has resulted in higher production cost per tonne of CPO.

Overall, the Group incurred a loss before tax ["LBT"] and loss after tax for the current quarter of RM7 million and RM6 million respectively as compared to the preceding year corresponding quarter's profit before tax ["PBT"] of RM7.1 million and profit after tax ["PAT"] of RM4.5 million. Basic loss per share for the current quarter was 0.75 sen as compared to preceding year corresponding quarter's basic earnings per share of 0.56 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 31.3.2020 RM'000	Immediate Preceding Quarter ended 31.12.2019 RM'000	Increase/ (Decrease)
Revenue	<u>101,861</u>	<u>124,863</u>	(18%)
(Loss)/Profit before tax	<u>(6,992)</u>	<u>31,581</u>	(>100%)
(Loss)/Profit after tax	<u>(6,016)</u>	<u>31,166</u>	(>100%)

The Group incurred a LBT for the current quarter at RM7 million as compared to the immediate preceding quarter's PBT of RM31.6 million mainly due to lower sales volume of both CPO and PK as well as higher production cost of CPO per tonne, mitigated somewhat by higher average selling prices of both CPO and PK.

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

Sales volume of CPO and PK for the current quarter were 32% and 25% lower than the immediate preceding quarter of 45,577 tonnes and 10,079 tonnes respectively mainly impacted by lower production of CPO and PK by 26% and 23% respectively in tandem with lower FFB production by 29%. The lower FFB production was affected by lower FFB yield due to seasonal yield trend and changes in cropping patterns, and the suspension of plantation operations for 7 days in March 2020 as a consequence of the Sabah State Government's Covid-19 MCO as mentioned above.

Average selling price per tonne of CPO was 18 % higher than the immediate preceding quarter of RM2,376 per tonne whilst average selling price of PK was 19% higher than the immediate preceding quarter of 1,435 per tonne.

3. Current year prospects

Malaysian palm oil inventories increased by 18% to 2.05 million tonnes at end April 2020 from 1.73 million tonnes at end March 2020 due to weak demand and global supply chain disruptions amidst the Covid-19 pandemic. Industry analysts expect palm oil inventories in May to rise further due to the weak global demand for palm oil.

India, one of the major palm oil importing countries, has suspended import licences of refined palm oil and shifted its edible oil imports to soyoil. The subdued crude oil prices have also delayed the implementation of higher biodiesel mandates in Malaysia and Indonesia, further dampening the demand of CPO.

In April 2020, average CPO price was RM2,299 per tonne with daily prices in the 1st half of May 2020 hovering below RM2,100 per tonne.

Nevertheless, healthy demand of CPO in the downstream oleochemicals segment for the production of personal hygiene and cleaning products during Covid-19 pandemic and post Covid-19 pandemic, coupled with the anticipated recovery in exports arising from the gradual easing of lockdowns in major palm oil importing countries such as China and EU may bolster the current depressed CPO prices. Malaysia's palm oil exports for the 1st 10 days of May 2020 rose between 7.8% and 11.9% from the previous month, according to cargo surveyors' reports.

The continuing uncertainties surrounding the Covid-19 pandemic that can affect our operations as well as the global economic environment affecting palm oil demand and prices, are expected to impact the Group results for the financial year ending 31 December 2020.

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. (Loss)/Profit before tax

	Quarter ended		Year-to-date ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after crediting/(charging):				
Interest income	210	183	210	183
Dividend income from money market deposits	426	449	426	449
Interest expense	(647)	(567)	(647)	(567)
Depreciation and amortisation	(22,205)	(22,074)	(22,205)	(22,074)
Property, plant and equipment written off	(134)	(199)	(134)	(199)
Gain on disposal of property, plant and equipment	56	1,068	56	1,068
Loss on fair value of biological assets	(9,488)	(3,474)	(9,488)	(3,474)

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

6. Tax expense

	Quarter ended		Year-to-date ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	2,999	5,235	2,999	5,235
- deferred tax	(3,975)	(2,598)	(3,975)	(2,598)
	(976)	2,637	(976)	2,637

The Group's tax credit on its Loss Before Tax for the current quarter was lower than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and deferred tax assets not recognised on business losses in certain subsidiaries. The effective tax rate for the preceding year corresponding quarter was higher than the statutory tax rate due to the same reason.

7. Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report

There was no corporate proposal announced but not completed as at 22 May 2020.

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"].

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)**

(a) (continued)

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, 19 September 2019 and 7 February 2020. Due to the Restriction of Movement Order which took effect on 18 March 2020, the hearing dates of the Consolidated RESB Suit on 26 and 27 March 2020 had been adjourned to further dates to be fixed.

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

(b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in 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, 19 September 2019 and 7 February 2020. Due to the Restriction of Movement Order which took effect on 18 March 2020, the hearing dates of the Consolidated RESB Suit on 26 and 27 March 2020 had been adjourned to further dates to be fixed.

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. (Loss)/Earnings per share ["EPS"]

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

	Quarter ended		Year-to-date ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
(Loss)/Profit attributable to owners of the Company (RM'000)	(6,016)	4,468	(6,016)	4,468
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,687	799,685	799,687
Basic EPS (sen)	(0.75)	0.56	(0.75)	0.56

(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 2019 was not subject to any qualification.

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
Company Secretaries

Kuala Lumpur
27 May 2020