

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

	Quarter ended			Year-to-date ended		
	30.6.2020 RM'000	30.6.2019 RM'000	Increase/ (Decrease)	30.6.2020 RM'000	30.6.2019 RM'000	Increase/ (Decrease)
Revenue	83,570	79,976	4%	185,431	206,246	(10%)
Operating expenses	(66,628)	(87,286)		(176,292)	(209,058)	
Other operating income	* 15,038	3,246		* 16,496	6,420	
Operating profit/(loss)	31,980	(4,064)	>100%	25,635	3,608	>100%
Finance costs	(624)	(580)		(1,271)	(1,147)	
Profit/(Loss) before tax	31,356	(4,644)	>100%	24,364	2,461	>100%
Tax expense	2,923	357		3,899	(2,280)	
Profit/(Loss) for the period representing total comprehensive income/(expense) for the period	<u>34,279</u>	<u>(4,287)</u>	>100%	<u>28,263</u>	<u>181</u>	>100%
Earnings/(Loss) per share (sen)						
Basic	<u>4.29</u>	<u>(0.54)</u>	>100%	<u>3.53</u>	<u>0.02</u>	>100%
Diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

* Other operating income for the current quarter and year-to-date ended 30 June 2020 included the gain on disposal of property, plant and equipment as disclosed in Note 5, Part B of this report.

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 30 JUNE 2020**

	As at 30.6.2020 RM'000	As at 31.12.2019 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,808,266	1,894,871
Current assets		
Inventories	66,265	50,790
Biological assets	23,153	25,049
Receivables	12,915	30,017
Current tax assets	446	3,628
Money market deposits	187,515	84,027
Cash and cash equivalents	36,232	49,317
	<u>326,526</u>	<u>242,828</u>
TOTAL ASSETS	<u>2,134,792</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	1,537,812	1,525,543
	<u>1,665,629</u>	<u>1,653,360</u>
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	<u>1,664,788</u>	<u>1,652,519</u>
Non-current liabilities		
Deferred tax liabilities	366,113	384,325
Lease liabilities	45,857	50,492
	<u>411,970</u>	<u>434,817</u>
Current liabilities		
Payables	38,829	38,580
Lease liabilities	9,313	9,263
Current tax liabilities	9,892	2,520
	<u>58,034</u>	<u>50,363</u>
TOTAL LIABILITIES	<u>470,004</u>	<u>485,180</u>
TOTAL EQUITY AND LIABILITIES	<u>2,134,792</u>	<u>2,137,699</u>
Net assets per share (RM)	<u>2.08</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 30 JUNE 2020**

	← Attributable to Owners of the Company →				Total equity RM'000
	Non-distributable Share capital RM'000	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 income for the period	-	-	28,263	-	28,263
Dividends	-	-	(15,994)	-	(15,994)
At 30 June 2020	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,537,812</u>	<u>(841)</u>	<u>1,664,788</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	-	-	181	-	181
Purchase of treasury shares	-	-	-	(3)	(3)
Dividends	-	-	(7,997)	-	(7,997)
At 30 June 2019	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,498,273</u>	<u>(841)</u>	<u>1,625,249</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 30 JUNE 2020**

	Year-to-date ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	24,364	2,461
Adjustments for:		
Non-cash items	46,285	46,308
Non-operating items	(12,863)	(1,306)
Dividend income	(1,287)	(952)
Net interest expense	905	694
Operating profit before working capital changes	57,404	47,205
Net changes in working capital	1,876	21,972
Net tax (paid)/refunded	(3,759)	2,060
Net interest paid	(905)	(157)
Net cash generated from operating activities	54,616	71,080
Cash flows from investing activities		
Dividend received from money market deposits	1,287	945
Increase in money market deposits	(103,488)	(12,945)
Proceeds from disposal of property, plant and equipment	76,677	2,764
Purchase of property, plant and equipment	(21,598)	(38,093)
Net cash used in investing activities	(47,122)	(47,329)
Cash flows from financing activities		
Shares repurchased at cost	-	(3)
Dividends paid	(15,994)	(7,997)
Payment of lease liabilities	(4,585)	(3,849)
Net cash used in financing activities	(20,579)	(11,849)
Net change in cash and cash equivalents	(13,085)	11,902
Cash and cash equivalents at beginning of period	49,317	40,311
Cash and cash equivalents at end of period	36,232	52,213
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	30,220	48,130
Cash in hand and at bank	6,012	4,083
	36,232	52,213

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

Seasonal or cyclical factors affecting the operational performance of the Group 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 prior interim period 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 nor cancellation of treasury shares.

As at 30 June 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	
	30.6.2020	30.6.2019
	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	7,997

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 21 August 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 21 August 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 30.6.2020	As at 31.12.2019
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	<u>75,777</u>	<u>46,675</u>

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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, except for the following:

On 27 May 2020 ["said date"], Hap Seng Plantations (Ladang Kawa) Sdn Bhd ["HSP (LK)"], a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of the following eight (8) parcels of agricultural land situated at Jalan Bukit Quion, District of Tawau, State of Sabah together with oil palm trees planted thereon and main structures and infrastructures erected thereon to Future Golden Development Sdn Bhd (the "Purchaser"), a wholly-owned subsidiary of Hap Seng Consolidated Berhad ["HSCB"], for a cash consideration of RM75,987,000.00 ["Proposed HSP (LK) Disposal"]:-

No.	Title Number	Approximate Area (Hectares)
1.	CL 105319775	185.95
2.	CL 105350909	105.46
3.	CL 105334049	80.85
4.	CL 105343762	13.95
5.	PL 106260833	36.82
6.	PL 106261349	34.05
7.	PL 106261330	60.27
8.	CL 105246179	34.95
	Total	552.30

The Proposed HSP (LK) Disposal was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was a director and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd ["Gek Poh"]. Gek Poh was the holding company of HSCB with an aggregate shareholding of 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. HSCB was a major shareholder holding 424,183,300 shares constituting 53.04% of shareholding in the Company. Hence, Tan Sri Lau, Gek Poh, HSIS and HSCB were deemed interested in the Proposed HSP (LK) Disposal.

As at the said date, Datuk Edward Lee Ming Foo was the managing director of the Company, HSCB and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and HSCB as well as a director of Gek Poh. Ms Cheah Yee Leng was an executive director of both the Company and HSCB. Premised on the aforesaid, they were deemed interested in the Proposed HSP (LK) Disposal. As such, they had abstained from all board deliberations and voting in respect of the Proposed HSP (LK) Disposal.

As at the said date, Datuk Simon Shim Kong Yip was a non-independent non-executive deputy chairman of the Company and a non-independent non-executive director of the HSCB. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company and HSCB, he was deemed interested in the Proposed HSP (LK) Disposal. As such, he had abstained from all board deliberations and voting in respect of the Proposed HSP (LK) Disposal.

The Proposed HSP (LK) Disposal was completed on 1 June 2020 with the cash purchase consideration paid by the Purchaser in full.

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 performance for the current quarter was not materially affected by the Covid-19 pandemic. Accordingly, the Group's revenue for the current quarter at RM83.6 million was 4% above the preceding year corresponding quarter, benefitted from higher average selling price realisation of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] but dampened somewhat by lower sales volume of CPO.

Average selling price per tonne of CPO and PK for the current quarter were RM2,321 and RM1,382 respectively as compared to the preceding year corresponding quarter of RM2,017 for CPO and RM1,178 for PK.

CPO sales volume for the current quarter at 30,821 tonnes was 11% lower than the preceding year corresponding quarter inspite of higher CPO production due to timing of deliveries.

Production of CPO and PK for the current quarter were both 13% higher than the preceding year corresponding quarter mainly attributable to higher fresh fruit bunches ["FFB"] yield and higher FFB purchased. FFB production for the current quarter was 9% above the preceding year corresponding quarter, benefitted from improved FFB yield due to seasonal yield trend and changes in cropping patterns.

The Group registered profit before tax ["PBT"] and profit after tax ["PAT"] for current quarter at RM31.4 million and RM34.3 million respectively as compared to the preceding year corresponding quarter's loss before tax ["LBT"] of RM4.6 million and loss after tax ["LAT"] of RM4.3 million. The PBT and PAT for the current quarter included a gain of RM12.8 million and RM6.5 million (net of real property gains tax) respectively arising from the Proposed HSP (LK) Disposal as disclosed in Note 13 of Part A. In the current quarter, the Group's PAT also benefitted from a reversal of deferred tax of RM14 million arising from the aforementioned Proposed HSP (LK) Disposal.

Overall, PBT and PAT for the year to date at RM24.4 million and RM28.3 million were higher than the preceding corresponding period of RM2.5 million and RM181,000 respectively. Basic earnings per share for the year to date at 3.53 sen was higher than the preceding year corresponding period of 0.02 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 30.6.2020 RM'000	Immediate Preceding Quarter ended 31.3.2020 RM'000	Increase/ (Decrease)
Revenue	<u>83,570</u>	<u>101,861</u>	(18%)
Profit/(Loss) before tax	<u>31,356</u>	<u>(6,992)</u>	>100%
Profit/(Loss) after tax	<u>34,279</u>	<u>(6,016)</u>	>100%

The Group's PBT for the current quarter was RM31.4 million as compared to the immediate preceding quarter's LBT of RM7 million. The improved PBT was due to profit on fair value of biological assets of RM7.6 million as compared to a loss on fair value of biological assets of RM9.5 million in the immediate preceding quarter, lower unit production cost of CPO per tonne and the gain arising from the Proposed HSP (LK) Disposal as disclosed in Note 13 of Part A. This was dampened somewhat by lower average selling price of 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)

Production cost per tonne of CPO was lower in the current quarter attributable to higher CPO production, benefitted mainly from higher FFB yield due to seasonal yield trend and changes in cropping patterns.

Average selling price per tonne of CPO was 18% lower than the immediate preceding quarter of RM2,814 per tonne whilst average selling price of PK was 19% below the immediate preceding quarter of RM1,702 per tonne.

3. Current year prospects

Malaysian palm oil inventories at end of July 2020 was lower by 10.5% from 1.898 million tonnes at end June 2020 to 1.698 million tonnes, the lowest since June 2017, in tandem with lower production and higher exports. CPO production in Malaysia decreased 4.1% to 1.807 million tonnes in July 2020 from 1.885 million tonnes in the previous month whilst Malaysian palm oil exports rose 4.2% to 1.782 million tonnes as compared to 1.71 million tonnes in the preceding month.

The suspension of export tax for CPO in Malaysia from 1 June 2020 until end of the year has improved the competitiveness of Malaysia's palm oil against Indonesia's who has raised its export levy on CPO shipments with effect from 1 June 2020, by USD5 per tonne to USD55 per tonne.

Since the second half of July 2020, daily CPO prices had been trending upward from RM2,607 per tonne to a high of RM2,858 per tonne in the first half of August 2020. Restocking activities by India and China had largely contributed to the higher Malaysian palm oil exports and supported the higher palm oil prices. However, industry analysts expect prices to moderate in the subsequent months as demand normalises and FFB production enters its peak production cycle.

Notwithstanding the uncertainties in the global economic environment affecting palm oil demand and prices amidst the Covid-19 pandemic, the Group expects its results for the financial year ending 31 December 2020 to be better than the previous financial 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after crediting/(charging):				
Interest income	156	270	366	453
Dividend income from money market deposits	861	503	1,287	952
Interest expense	(624)	(580)	(1,271)	(1,147)
Depreciation and amortisation	(21,998)	(22,259)	(44,203)	(44,333)
Property, plant and equipment written off	(52)	(16)	(186)	(215)
Gain on disposal of property, plant and equipment	12,807	238	12,863	1,306
Profit/(Loss) on fair value of biological assets	7,592	1,714	(1,896)	(1,760)

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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	11,314	702	14,313	5,937
- deferred tax	(14,237)	(1,059)	(18,212)	(3,657)
	(2,923)	(357)	(3,899)	2,280

In the current quarter and year-to-date, the Group has a net tax credit mainly due to the capital gain arising from the Proposed HSP (LK) Disposal been taxed at the lower real property gains tax rate and the reversal of deferred tax provision at income tax rate.

The Group's tax credit effective rate for the preceding year corresponding 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 by certain subsidiaries. The effective tax rate for the preceding year corresponding period 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 21 August 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. The KKHC was yet to fix further hearing dates.

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. The KKHC was yet to fix further hearing dates.

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/(Loss) per share ["EPS"]

(a) The basic EPS is calculated by dividing the profit/(loss) 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Profit/(Loss) attributable to owners of the Company (RM'000)	34,279	(4,287)	28,263	181
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,686	799,685	799,687
Basic EPS (sen)	4.29	(0.54)	3.53	0.02

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

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13. Dividends

- (a) The Board of Directors has on even date approved the following interim dividend for the year ending 31 December 2020:
- | | |
|--|--|
| (i) Amount per ordinary share
- First interim dividend | 1.5 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
- First interim dividend | 0.5 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 | 1.5 sen (2019: 0.5 sen) per ordinary share under the
single tier system which is tax exempt in the hands of the
shareholders |
- (b) The dividend will be payable in cash on 24 September 2020; and
- (c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 11 September 2020.

NOTICE OF INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the first interim dividend of 1.5 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 ending 31 December 2020, will be payable in cash on 24 September 2020 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 11 September 2020.

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

- shares transferred into the depositor's securities account before 4.00 p.m. on 11 September 2020 in respect of transfers; and
- shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the Rules of the Bursa Securities.

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
26 August 2020