

**Hap Seng Plantations Holdings Berhad** 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020**

	Quarter ended			Year ended		
	31.12.2020 RM'000	31.12.2019 RM'000	Increase/ (Decrease)	31.12.2020 RM'000	31.12.2019 RM'000 (Audited)	Increase/ (Decrease)
<b>Revenue</b>	153,269	124,863	23%	467,595	418,598	12%
Operating expenses	(113,580)	(97,509)		(391,125)	(398,978)	
Other operating income	11,082	5,305		* 34,456	19,731	
<b>Operating profit</b>	50,771	32,659	55%	110,926	39,351	182%
Finance costs	(624)	(1,078)		(2,526)	(2,792)	
<b>Profit before tax</b>	50,147	31,581	59%	108,400	36,559	197%
Tax expense	(13,196)	(415)		(18,104)	(5,110)	
<b>Profit for the period representing total comprehensive income for the period</b>	36,951	31,166	19%	90,296	31,449	187%
<b>Earnings per share (sen)</b>						
Basic	4.62	3.90	19%	11.29	3.93	187%
Diluted	N/A	N/A		N/A	N/A	

\* Other operating income for the year ended 31 December 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 31 DECEMBER 2020**

	As at <b>31.12.2020</b> RM'000	As at <b>31.12.2019</b> RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	1,801,508	1,894,871
<b>Current assets</b>		
Inventories	54,286	50,790
Biological assets	33,889	25,049
Receivables	31,852	30,017
Current tax assets	1,373	3,628
Money market deposits	195,322	84,027
Cash and cash equivalents	63,655	49,317
	<b>380,377</b>	<b>242,828</b>
<b>TOTAL ASSETS</b>	<b>2,181,885</b>	<b>2,137,699</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	1,475,578	1,475,578
Merger reserves	(1,347,761)	(1,347,761)
Retained earnings	1,587,850	1,525,543
	<b>1,715,667</b>	<b>1,653,360</b>
Less: Treasury shares	(841)	(841)
<b>TOTAL EQUITY</b>	<b>1,714,826</b>	<b>1,652,519</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	373,180	384,325
Lease liabilities	45,540	50,492
	<b>418,720</b>	<b>434,817</b>
<b>Current liabilities</b>		
Payables	33,230	38,580
Lease liabilities	9,675	9,263
Current tax liabilities	5,434	2,520
	<b>48,339</b>	<b>50,363</b>
<b>TOTAL LIABILITIES</b>	<b>467,059</b>	<b>485,180</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,181,885</b>	<b>2,137,699</b>
<b>Net assets per share (RM)</b>	<b>2.14</b>	<b>2.07</b>
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 ENDED 31 DECEMBER 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	
<b>At 1 January 2020</b>	1,475,578	(1,347,761)	1,525,543	(841)	1,652,519
Total comprehensive income for the year	-	-	90,296	-	90,296
Dividends	-	-	(27,989)	-	(27,989)
<b>At 31 December 2020</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,587,850</u>	<u>(841)</u>	<u>1,714,826</u>
<b>At 1 January 2019</b>					
- 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 year	-	-	31,449	-	31,449
Purchase of treasury shares	-	-	-	(3)	(3)
Dividends	-	-	(11,995)	-	(11,995)
<b>At 31 December 2019 (Audited)</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,525,543</u>	<u>(841)</u>	<u>1,652,519</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 ENDED 31 DECEMBER 2020**

	Year ended	
	31.12.2020	31.12.2019
	RM'000	RM'000 (Audited)
<b>Cash flows from operating activities</b>		
Profit before tax	108,400	36,559
Adjustments for:		
Non-cash items	79,384	79,352
Non-operating items	(12,783)	(1,395)
Dividend income	(3,417)	(2,468)
Net interest expense	1,620	1,853
Operating profit before working capital changes	173,204	113,901
Net changes in working capital	(10,681)	13,889
Net tax (paid)/refunded	(24,080)	14
Net interest paid	(1,620)	(1,853)
<b>Net cash generated from operating activities</b>	<b>136,823</b>	<b>125,951</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	3,417	2,509
Increase in money market deposits	(111,295)	(17,509)
Proceeds from disposal of property, plant and equipment	77,573	5,153
Purchase of property, plant and equipment	(54,664)	(86,301)
<b>Net cash used in investing activities</b>	<b>(84,969)</b>	<b>(96,148)</b>
<b>Cash flows from financing activities</b>		
Shares repurchased at cost	-	(3)
Dividends paid	(27,989)	(11,995)
Payment of lease liabilities	(9,527)	(8,799)
<b>Net cash used in financing activities</b>	<b>(37,516)</b>	<b>(20,797)</b>
<b>Net change in cash and cash equivalents</b>	<b>14,338</b>	<b>9,006</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>49,317</b>	<b>40,311</b>
<b>Cash and cash equivalents at end of period</b>	<b>63,655</b>	<b>49,317</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	39,910	41,910
Cash in hand and at bank	23,745	7,407
	<b>63,655</b>	<b>49,317</b>

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

**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 nor cancellation of treasury shares.

As at 31 December 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 the financial year and preceding year were as follows:

	Year ended	
	31.12.2020 RM'000	31.12.2019 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:		
- 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
- 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	-
Dividend in respect of financial year ended 31 December 2020:		
- First interim (1.5 sen) under the single tier system approved by the Directors on 26 August 2020 and paid on 24 September 2020	11,995	-
	27,989	11,995

## 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 financial year and up to 19 February 2021 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 financial year.

## 10. Significant events and transactions

There were no events or transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period and up to 19 February 2021.

**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:

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	25,053	46,675

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### 13. Significant related party transactions

During the financial year, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 29 May 2019 and 1 July 2020, except for the following:

As announced 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 on even date 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
	<b>Total</b>	<b>552.30</b>

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 revenue for the current quarter at RM153.3 million was 23% higher than the preceding year corresponding quarter mainly attributable to higher average selling prices realisation of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] reduced somewhat by lower sales volume of both products. Consequently, the Group registered higher profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM50.1 million and RM37 million which were higher than the preceding year corresponding quarter of RM31.6 million and RM31.2 million by 59% and 19% respectively.

Average selling price of CPO and PK for the current quarter were higher at RM3,148 per tonne and RM2,027 per tonne respectively as compared to the preceding year corresponding quarter of RM2,376 per tonne for CPO and RM1,435 per tonne for PK.

CPO sales volume for the current quarter at 41,842 tonnes was 8% lower than the preceding year corresponding quarter whilst PK sales volume was 7% lower at 9,343 tonnes, mainly due to lower CPO and PK production. Production of CPO and PK for the current quarter were both lower than the preceding year corresponding quarter by 4% due to lower fresh fruit bunches ["FFB"] production as well as lower CPO and PK extraction rates mitigated by higher purchased FFB processed. FFB production for the current quarter was 5% lower than the preceding year corresponding quarter in tandem with the lower FFB yield due to seasonal yield trend whilst extraction rates were affected by the wetter weather conditions in the current quarter.

Overall, PBT and PAT for the year at RM108.4 million and RM90.3 million were close to triple that of the preceding year of RM36.6 million and RM31.4 million respectively. Correspondingly, basic earnings per share for the year was significantly higher at 11.29 sen as compared to the preceding year of 3.93 sen.

The Group's PBT and PAT for the year included a gain of RM12.9 million and RM20.3 million (net of real property gains tax of RM6.6 million and reversal of deferred tax of RM14 million) respectively arising from the completion of the Proposed HSP (LK) Disposal as disclosed in Note 13 of Part A.

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

	<b>Current Quarter ended 31.12.2020 RM'000</b>	<b>Immediate Preceding Quarter ended 30.9.2020 RM'000</b>	<b>Increase/ (Decrease)</b>
Revenue	<u>153,269</u>	<u>128,895</u>	19%
Profit before tax	<u>50,147</u>	<u>33,889</u>	48%
Profit after tax	<u>36,951</u>	<u>25,082</u>	47%

The Group's PBT for the current quarter at RM50.1 million was 48% higher than the immediate preceding quarter of RM33.9 million, benefitted from higher average selling prices and sales volume for CPO and PK.

Average selling price per tonne of CPO and PK were 14% and 30% higher than the immediate preceding quarter of RM2,753 and RM1,560 respectively. Sales volume of CPO and PK for the current quarter were 2% and 4% higher than the immediate preceding quarter of 41,057 tonnes and 9,020 tonnes respectively mainly attributable to favourable inventories movements.

### 3. Current year prospects

CPO prices were on the uptrend in early January 2021 and recorded a high of RM3,986 per tonne on 7 January 2021, closing at an average price of RM3,748 per tonne for January 2021 as compared to December 2020's average price of RM3,620 per tonne.

Malaysia's palm oil stocks at end of January 2021 were 1.32 million tonnes, higher than December 2020 closing stock of 1.26 million tonnes inspite of lower CPO output by 15.52% month-on-month. Based on export statistics by cargo surveyors, palm oil exports in January 2021 fell between 32% to 37% month-on-month. This was probably due to traders front-loaded their CPO exports in December 2020 ahead of the reinstatement of export tax of 8% on CPO by the Malaysian government effective 1 January 2021. Nevertheless, exports of Malaysian palm oil products rose 27.4% during the period from 1 February to 15 February 2021 as compared to the same period in January 2021 according to cargo surveyor Intertek Testing Services, which provided some relief to the high carry-over stocks from January 2021.

FFB production is likely to recover in the second quarter of 2021 as weather conditions are expected to normalise. Accordingly, supply of CPO will be higher.

CPO demand from India is expected to be lower in the coming months with the recent changes to its import duty on CPO, crude soybean oil and crude sunflower oil with effect from 2 February 2021. The revised import duty has narrowed the import duty differential between CPO and other crude vegetable oils to just 2.5% as compared to 7.5% previously, thus eroded the price advantage of CPO vis-a-vis other crude and refined vegetable oils. Industry analysts expect this revision to impact India's palm oil refining industry and could favour imports of processed palm oil over CPO into India.

Based on the foregoing, CPO prices are likely to be lower in the near future. Nevertheless, this may be mitigated by lower global supply of soyoil affected by the drought effect of La Nina on soybean crops in Argentina, Brazil and Paraguay.

Due to the significant spike in daily Covid-19 cases, the Malaysian government has reimposed the Movement Control Order ["MCO 2.0"] for all states with the exception of Sarawak until 18 February 2021 and extended to 4 March 2021 for Kuala Lumpur, Selangor, Johor and Penang while other states are under Conditional Movement Control Order and Recovery Movement Control Order. MCO 2.0 is not expected to affect the operations in the plantation sector as this is categorized as an essential economic sector and is allowed to operate under strict standard operating procedures. However, this sector faces labour shortages as foreign labour could not re-enter Malaysia due to borders closure and consequently FFB harvesting activities may be affected resulting in lower production.

The Group currently does not face critical labour shortages which may affect its FFB harvesting activities. It has also implemented various stringent measures in its operations to curb the spread of the Covid-19 infections. In addition, the Malaysian government has recently announced the planned rollout of the National Covid-19 Immunisation Programme from end February 2021 which is expected to rein in the Covid-19 pandemic. As such, it is unlikely that the pandemic would impact the FFB production of the Group.

Overall, the Group expects its results for the financial year ending 31 December 2021 to be influenced by movements in commodities prices and the uncertainties in the global economic environment caused by the prolonged Covid-19 pandemic.

#### 4. Variances between actual profit and forecast profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

#### 5. Profit before tax

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	339	248	906	939
Dividend income from money market deposits	915	1,104	3,417	2,468
Interest expense	(624)	(1,078)	(2,526)	(2,792)
Depreciation and amortisation	(21,307)	(21,821)	(87,652)	(88,389)
Property, plant and equipment written off	-	-	(572)	(240)
Net gain/(loss) on disposal of property, plant and equipment	29	(67)	12,783	1,395
Gain on fair value of biological assets	6,586	3,514	8,840	9,277

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

#### 6. Tax expense

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	13,704	5,145	29,754	10,424
- deferred tax	(707)	2,148	(11,849)	1,952
	12,997	7,293	17,905	12,376
In respect of prior periods				
- income tax	(505)	-	(505)	(388)
- deferred tax	704	(6,878)	704	(6,878)
	199	(6,878)	199	(7,266)
	13,196	415	18,104	5,110

The Group's effective tax rate (excluding tax in respect of prior periods) for the current quarter was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes whilst the effective tax rate for the year was lower than the statutory tax rate mainly due to the capital gain arising from the Proposed HSP (LK) Disposal taxed at the lower real property gains tax rate and the reversal of deferred tax provision at income tax rate.

The Group's effective tax rate (excluding over provision of tax in respect of prior periods) for the preceding year corresponding quarter was lower than the statutory tax rate mainly due to non-taxable income whilst effective tax rate for the preceding year was 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.

**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 19 February 2021.

**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 1<sup>st</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK RESB Suit:

- (i) That RESB be declared as the registered and beneficial owner of the said Land;
- (ii) That the Purported SPA be declared null and void;
- (iii) That the Alleged PA be declared null and void;
- (iv) An injunction restraining the 1<sup>st</sup> Defendant from:-
  - (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
  - (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
  - (c) taking any further action to complete the Purported SPA.
- (v) An injunction restraining the 2<sup>nd</sup> Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (vi) Costs of the KK RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

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)

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

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 per share ["EPS"]**

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

	Quarter ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to owners of the Company (RM'000)	36,951	31,166	90,296	31,449
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,686
Basic EPS (sen)	4.62	3.90	11.29	3.93

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

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### 13. Dividends

Dividends for the current financial year ended 31 December 2020 are as follows:

- (a) First interim dividend of 1.5 sen (2019: 0.5 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said first interim dividend was approved by Board of Directors on 26 August 2020 and paid on 24 September 2020;
- (b) The Board of Directors has on even date approved the following interim dividend for the year ended 31 December 2020:
- |       |  |  |
|-------|--|--|
| (i)   | Amount per ordinary share<br>- Second interim dividend   | 5.5 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders               |
| (ii)  | Previous year corresponding period:<br>Amount per ordinary share<br>- Second interim dividend    | 2 sen per ordinary share under the single tier system which was tax exempt in the hands of the shareholders                |
| (iii) | Total dividends approved to date for the<br>current financial year:<br>Amount per ordinary share | 7 sen (2019: 2.5 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
- (c) The dividend will be payable in cash on 24 March 2021; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 11 March 2021.

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

**NOTICE IS HEREBY GIVEN** that the second interim dividend of 5.5 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 ended 31 December 2020, will be payable in cash on 24 March 2021 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 11 March 2021.

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

- (a) shares transferred into the depositor's securities account before 4.30 p.m. on 11 March 2021 in respect of transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the Rules of the Bursa Securities.

### 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  
24 February 2021