

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 2021**

	Quarter ended			Year-to-date ended		
	30.6.2021 RM'000	30.6.2020 RM'000	Increase/ (Decrease)	30.6.2021 RM'000	30.6.2020 RM'000	Increase/ (Decrease)
Revenue	181,071	83,570	117%	302,393	185,431	63%
Operating expenses	(121,347)	(66,628)		(207,684)	(176,292)	
Other operating income	3,657	* 15,038		8,519	* 16,496	
Operating profit	63,381	31,980	98%	103,228	25,635	303%
Finance costs	(582)	(624)		(1,192)	(1,271)	
Profit before tax	62,799	31,356	100%	102,036	24,364	319%
Tax expense	(15,377)	2,923		(25,245)	3,899	
Profit for the period representing total comprehensive income for the period	47,422	34,279	38%	76,791	28,263	172%
Earnings per share (sen)						
Basic	5.93	4.29	38%	9.60	3.53	172%
Diluted	N/A	N/A		N/A	N/A	

* Other operating income for the preceding year corresponding quarter and preceding 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 2020 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 2021**

	As at 30.6.2021 RM'000	As at 31.12.2020 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,784,796	1,801,508
Current assets		
Inventories	62,206	54,286
Biological assets	35,681	33,889
Receivables	42,282	31,852
Current tax assets	706	1,373
Money market deposits	241,619	195,322
Cash and cash equivalents	65,741	63,655
	<u>448,235</u>	<u>380,377</u>
TOTAL ASSETS	<u>2,233,031</u>	<u>2,181,885</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	1,620,658	1,587,850
	<u>1,748,475</u>	<u>1,715,667</u>
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	<u>1,747,634</u>	<u>1,714,826</u>
Non-current liabilities		
Deferred tax liabilities	371,090	373,180
Lease liabilities	42,963	45,610
	<u>414,053</u>	<u>418,790</u>
Current liabilities		
Payables	44,197	33,230
Current tax liabilities	19,535	5,434
Lease liabilities	7,612	9,605
	<u>71,344</u>	<u>48,269</u>
TOTAL LIABILITIES	<u>485,397</u>	<u>467,059</u>
TOTAL EQUITY AND LIABILITIES	<u>2,233,031</u>	<u>2,181,885</u>
Net assets per share (RM)	<u>2.19</u>	<u>2.14</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 2020 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 2021**

	← 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 2021	1,475,578	(1,347,761)	1,587,850	(841)	1,714,826
Total comprehensive income for the period	-	-	76,791	-	76,791
Dividends	-	-	(43,983)	-	(43,983)
At 30 June 2021	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,620,658</u>	<u>(841)</u>	<u>1,747,634</u>
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>

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 2020 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 2021**

	Year-to-date ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	102,036	24,364
Adjustments for:		
Non-cash items	41,697	46,285
Non-operating items	(39)	(12,863)
Dividend income	(1,795)	(1,287)
Net interest expense	677	905
Operating profit before working capital changes	142,576	57,404
Net changes in working capital	(7,383)	1,876
Net tax paid	(12,567)	(3,759)
Net interest paid	(677)	(905)
Net cash generated from operating activities	121,949	54,616
Cash flows from investing activities		
Dividend received from money market deposits	1,795	1,287
Increase in money market deposits	(46,297)	(103,488)
Proceeds from disposal of property, plant and equipment	39	76,677
Purchase of property, plant and equipment	(26,228)	(21,598)
Net cash used in investing activities	(70,691)	(47,122)
Cash flows from financing activities		
Dividends paid	(43,983)	(15,994)
Payment of lease liabilities	(5,189)	(4,585)
Net cash used in financing activities	(49,172)	(20,579)
Net change in cash and cash equivalents	2,086	(13,085)
Cash and cash equivalents at beginning of period	63,655	49,317
Cash and cash equivalents at end of period	65,741	36,232
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	26,000	30,220
Cash in hand and at bank	39,741	6,012
	65,741	36,232

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 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 2020.

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 2020.

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 2021, the Company held a total of 314,800 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 800,000,000 ordinary shares.

6. Dividends

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

	Year-to-date ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
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
Dividend in respect of financial year ended 31 December 2020:		
- Second interim (5.5 sen) under the single tier system approved by the Directors on 24 February 2021 and paid on 24 March 2021	43,983	-
	43,983	15,994

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 19 August 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 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 19 August 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:

	As at 30.6.2021	As at 31.12.2020
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	44,554	25,053

13. Significant related party transactions

During the interim period, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 1 July 2020 and 24 May 2021.

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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 RM181.1 million more than doubled that of the preceding year corresponding quarter of RM83.6 million mainly benefitted from higher average selling prices realisation and higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"].

Average selling price per tonne of CPO and PK for the current quarter were significantly higher at RM4,365 and RM2,709 respectively as compared to the preceding year corresponding quarter of RM2,321 for CPO and RM1,382 for PK. CPO sales volume for the current quarter at 35,713 tonnes was 16% above the preceding year corresponding quarter whilst PK sales volume was 3% higher at 7,951 tonnes mainly attributable to favourable inventories movement.

Production of CPO and PK for the current quarter were both marginally lower than the preceding year corresponding quarter attributable to lower fresh fruit bunches ["FFB"] production but mitigated somewhat by higher FFB purchased. FFB production for the current quarter was 3% below the preceding year corresponding quarter with lower FFB yield due to seasonal yield trend and changes in cropping patterns.

Consequently, the Group's profit before tax ["PBT"] for the current quarter at RM62.8 million was doubled that of the preceding corresponding quarter of RM31.4 million whilst profit after tax ["PAT"] for the current quarter at RM47.4 million was higher than the preceding year corresponding quarter of RM34.3 million by 38%.

Overall, PBT and PAT for the year to date at RM102 million and RM76.8 million were significantly higher than the preceding year corresponding period of RM24.4 million and RM28.3 million respectively mainly attributable to higher average selling prices of CPO and PK. Correspondingly, basic earnings per share for the year to date at 9.60 sen was also significantly higher than the preceding year corresponding period of 3.53 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 30.6.2021 RM'000	Immediate Preceding Quarter ended 31.3.2021 RM'000	Increase/ (Decrease)
Revenue	<u>181,071</u>	<u>121,322</u>	49%
Profit before tax	<u>62,799</u>	<u>39,237</u>	60%
Profit after tax	<u>47,422</u>	<u>29,369</u>	61%

The Group's PBT for the current quarter at RM62.8 million was 60% higher than the immediate preceding quarter of RM39.2 million attributable to higher average selling prices and sales volume of CPO and PK.

Average selling price per tonne of CPO and PK were 13% and 5% higher than the immediate preceding quarter of RM3,854 and RM2,585 respectively. Sales volume of CPO and PK for the current quarter were 36% and 18% above the immediate preceding quarter of 26,288 tonnes and 6,763 tonnes respectively mainly benefitted from favourable inventories movement and higher CPO and PK production arising from higher FFB production and oil extraction rate.

3. Current year prospects

The surge in COVID-19 cases in Malaysia and the imposition of more stringent containment measures nationwide have adversely impacted the various economic sectors in Malaysia, particularly, the small and medium enterprises. Against this back drop, the Malaysian economic growth is expected to be adversely affected and the degree of the impact will depend on the effectiveness of the COVID-19 containment measures and the speed of the vaccination programme to potentially curb the spread of COVID-19 transmissions. Nevertheless, the Plantation sector which is categorized as an essential economic sector remains in operation during this period under stricter standard operating procedures.

The average CPO price rose by 7.8% month-on-month and 64% year-on-year to RM4,129 per tonne in July 2021. Malaysian palm oil inventories decreased by 7% to 1.496 million tonnes at end July 2021 from 1.614 million tonnes at end June 2021. The expected decline in palm oil inventories and production for the year which was attributed to ageing trees, slower new planting rates and shortage of foreign workers may continue to support the current high palm oil prices in the near term. However, the recent reduction in Indonesia's export levies may encourage Indonesian planters to export more of their CPO in the second half of 2021 and cause a demand shift from Malaysia.

The surge in COVID-19 cases globally, particularly in India, the world's largest palm oil importer continues to cause uncertainties in the global demand outlook of palm oil.

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.

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5. Profit before tax

	Quarter ended		Year-to-date ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	262	156	515	366
Dividend income from money market deposits	921	861	1,795	1,287
Interest expense	(582)	(624)	(1,192)	(1,271)
Depreciation and amortisation	(21,735)	(21,998)	(43,446)	(44,203)
Property, plant and equipment written off	-	(52)	(43)	(186)
Net gain on disposal of property, plant and equipment	39	12,807	39	12,863
(Loss)/Gain from fair value of biological assets	(4,695)	7,592	1,792	(1,896)

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	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	17,005	11,314	27,335	14,313
- deferred tax	(1,628)	(14,237)	(2,090)	(18,212)
	15,377	(2,923)	25,245	(3,899)

The Group's effective rate for the current quarter and year-to-date were marginally 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 in certain subsidiaries.

The Group's tax credit for the preceding year corresponding quarter and period was mainly due to capital gain been tax at the lower real property gains tax rate and the reversal of deferred tax provision at income tax rate.

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 August 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 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

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

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

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019, 19 September 2019 and 7 February 2020. The continued hearing of the Consolidated RESB Suit originally fixed from 14 June to 25 June 2021 has been vacated due to the Full Movement Control Order. KKHC is yet to fix new hearing dates.

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

9. Changes in material litigations (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report (continued)

- (b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) [“SYC” or the “Plaintiff”] has filed a separate legal suit against RESB in respect of the said Land in the KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the “KK Suit”].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 [“Alleged Deed of Substitute”] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

- (i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC’s rights thereon;
- (v) costs of the KK Suit; and
- (vi) such further or other relief as the Court deems fit and just.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB’s application [“Consolidated RESB Suit”].

The Consolidated RESB Suit was part heard from 13 to 15 September 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 continued hearing of the Consolidated RESB Suit originally fixed from 14 June to 25 June 2021 has been vacated due to the Full Movement Control Order. KKHC is yet to fix new 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-to-date ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Profit attributable to owners of the Company (RM'000)	47,422	34,279	76,791	28,263
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	5.93	4.29	9.60	3.53

- (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 2021:
- | | |
|--|--|
| (i) Amount per ordinary share
- First interim dividend | 1.5 sen (2020: 1.5 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
| (ii) Total dividends approved to date for the current financial year:
Amount per ordinary share | 1.5 sen (2020: 1.5 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 22 September 2021; and
- (c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 9 September 2021.

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 2021, will be payable in cash on 22 September 2021 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 9 September 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 9 September 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 2020 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 August 2021