

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021**

	Quarter ended			Year-to-date ended		
	30.9.2021 RM'000	30.9.2020 RM'000	Increase/ (Decrease)	30.9.2021 RM'000	30.9.2020 RM'000	Increase/ (Decrease)
<b>Revenue</b>	173,630	128,895	35%	476,023	314,326	51%
Operating expenses	(108,626)	(101,253)		(316,310)	(277,545)	
Other operating income	5,616	6,878		14,135	* 23,374	
<b>Operating profit</b>	70,620	34,520	105%	173,848	60,155	189%
Finance costs	(556)	(631)		(1,748)	(1,902)	
<b>Profit before tax</b>	70,064	33,889	107%	172,100	58,253	195%
Tax expense	(17,139)	(8,807)		(42,384)	(4,908)	
<b>Profit for the period representing total comprehensive income for the period</b>	52,925	25,082	111%	129,716	53,345	143%
<b>Earnings per share (sen)</b>						
Basic	6.62	3.14	111%	16.22	6.67	143%
Diluted	N/A	N/A		N/A	N/A	

\* Other operating income for the preceding year-to-date ended 30 September 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 SEPTEMBER 2021**

	As at <b>30.9.2021</b> RM'000	As at <b>31.12.2020</b> RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	1,781,857	1,801,508
<b>Current assets</b>		
Inventories	65,525	54,286
Biological assets	38,252	33,889
Receivables	45,661	31,852
Current tax assets	915	1,373
Money market deposits	267,875	195,322
Cash and cash equivalents	77,987	63,655
	<u>496,215</u>	<u>380,377</u>
<b>TOTAL ASSETS</b>	<u>2,278,072</u>	<u>2,181,885</u>
<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	1,661,588	1,587,850
	<u>1,789,405</u>	<u>1,715,667</u>
Less: Treasury shares	(841)	(841)
<b>TOTAL EQUITY</b>	<u>1,788,564</u>	<u>1,714,826</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	373,127	373,180
Lease liabilities	41,648	45,610
	<u>414,775</u>	<u>418,790</u>
<b>Current liabilities</b>		
Payables	51,126	33,230
Current tax liabilities	17,257	5,434
Lease liabilities	6,350	9,605
	<u>74,733</u>	<u>48,269</u>
<b>TOTAL LIABILITIES</b>	<u>489,508</u>	<u>467,059</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,278,072</u>	<u>2,181,885</u>
<b>Net assets per share (RM)</b>	<u>2.24</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 SEPTEMBER 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	
<b>At 1 January 2021</b>	1,475,578	(1,347,761)	1,587,850	(841)	1,714,826
Total comprehensive income for the period	-	-	129,716	-	129,716
Dividends	-	-	(55,978)	-	(55,978)
<b>At 30 September 2021</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,661,588</u>	<u>(841)</u>	<u>1,788,564</u>
<b>At 1 January 2020</b>	1,475,578	(1,347,761)	1,525,543	(841)	1,652,519
Total comprehensive income for the period	-	-	53,345	-	53,345
Dividends	-	-	(27,989)	-	(27,989)
<b>At 30 September 2020</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,550,899</u>	<u>(841)</u>	<u>1,677,875</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 SEPTEMBER 2021**

	Year-to-date ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	172,100	58,253
Adjustments for:		
Non-cash items	60,825	64,690
Non-operating items	(80)	(12,754)
Dividend income	(2,976)	(2,502)
Net interest expense	955	1,335
Operating profit before working capital changes	230,824	109,022
Net changes in working capital	(7,152)	(17,816)
Net tax paid	(30,156)	(3,583)
Net interest paid	(955)	(1,335)
<b>Net cash generated from operating activities</b>	<b>192,561</b>	<b>86,288</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	2,976	2,502
Increase in money market deposits	(72,553)	(80,823)
Proceeds from disposal of property, plant and equipment	80	77,326
Purchase of property, plant and equipment	(44,988)	(38,676)
<b>Net cash used in investing activities</b>	<b>(114,485)</b>	<b>(39,671)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(55,978)	(27,989)
Payment of lease liabilities	(7,766)	(7,009)
<b>Net cash used in financing activities</b>	<b>(63,744)</b>	<b>(34,998)</b>
<b>Net change in cash and cash equivalents</b>	<b>14,332</b>	<b>11,619</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>63,655</b>	<b>49,317</b>
<b>Cash and cash equivalents at end of period</b>	<b>77,987</b>	<b>60,936</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	46,420	37,170
Cash in hand and at bank	31,567	23,766
	<b>77,987</b>	<b>60,936</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 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 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 30 September 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	
	30.9.2021	30.9.2020
	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:		
- 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
- 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	-
Dividend in respect of financial year ending 31 December 2021:		
- First interim (1.5 sen) under the single tier system approved by the Directors on 24 August 2021 and paid on 22 September 2021	11,995	-
	55,978	27,989

## 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 November 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 November 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 <b>30.9.2021</b> RM'000	As at <b>31.12.2020</b> RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	<u>34,926</u>	<u>25,053</u>

**13. Significant related party transactions**

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

*(The remainder of this page has been intentionally left blank)*

**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 RM173.6 million was 35% 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 however by lower sales volume of both products. Group's profit before tax ["PBT"] for the current quarter at RM70.1 million was 107% higher than the preceding year corresponding quarter of RM33.9 million whilst profit after tax ["PAT"] for the current quarter at RM52.9 million was 111% above the preceding year corresponding quarter of RM25.1 million.

Average selling price of CPO and PK for the current quarter were significantly higher at RM4,341 per tonne and RM2,615 per tonne respectively as compared to the preceding year corresponding quarter of RM2,753 per tonne for CPO and RM1,560 per tonne for PK. Sales volume of CPO and PK for the current quarter were 34,753 tonnes and 7,163 tonnes respectively, 15% and 21% lower than the preceding year corresponding quarter mainly due to lower production.

Production of CPO and PK for the current quarter were lower than the preceding year corresponding quarter by 14% and 21% respectively as a consequence of lower fresh fruit bunches ["FFB"] production which was 14% below the preceding year corresponding quarter, affected by lower FFB yield due to seasonal yield trend and changes in cropping patterns.

Overall, the Group's PBT and PAT for the year to date at RM172.1 million and RM129.7 million were significantly higher than the preceding year corresponding period of RM58.3 million and RM53.3 million respectively mainly attributable to the significantly higher average selling prices of CPO and PK. Correspondingly, basic earnings per share for the year to date at 16.22 sen was also significantly higher than the preceding year corresponding period of 6.67 sen.

**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 30.9.2021 RM'000</b>	<b>Immediate Preceding Quarter ended 30.6.2021 RM'000</b>	<b>Increase/ (Decrease)</b>
Revenue	<u>173,630</u>	<u>181,071</u>	(4%)
Profit before tax	<u>70,064</u>	<u>62,799</u>	12%
Profit after tax	<u>52,925</u>	<u>47,422</u>	12%

The Group's PBT for the current quarter at RM70.1 million was 12% higher than the immediate preceding quarter of RM62.8 million in spite of lower revenue. Revenue was affected by the lower sales volume and lower average selling prices of CPO and PK. The higher PBT was mainly attributable to the gain from fair value of biological assets of RM2.6 million as compared to a loss on fair value of biological assets of RM4.7 million in the immediate preceding quarter and favourable valuation of closing inventories in the current quarter.

Sales volume of CPO and PK for the current quarter were 3% and 10% lower than the immediate preceding quarter of 35,713 tonnes and 7,951 tonnes respectively due to lower CPO and PK production arising from lower FFB purchased.

Average selling price per tonne of CPO was marginally lower than the immediate preceding quarter of RM4,365 whilst average selling price per tonne of PK was 3% lower than the immediate preceding quarter of RM2,709.



### 3. Current year prospects

Malaysian palm oil inventories increased by 4.4% month-on-month to 1.834 million tonnes at end October 2021 from 1.756 million tonnes at end September 2021 as Malaysian palm oil exports were lower due to reduced demand from key buyers, India and China. Demand from India was lower in October 2021 after the surge of palm oil imports by India to a historic high in September 2021 following the reduction of its import duties for a fourth time in September 2021 since February 2021. On 13 October 2021, India further reduced the import duty on edible oils for the fifth time in 2021 to ease its domestic food inflation and this may support demand of palm oil in the later months. Demand from China may resume in November and December 2021 in anticipation of the Chinese New Year season in February 2022.

The global supplies of edible oils are expected to remain tight due to lower-than-expected production which have pushed edible oils prices to an unprecedented high. CPO prices continued on the uptrend and surpassed RM5,000 per tonne in October 2021, closing at its peak of RM5,395.50 per tonne at the end of October 2021 and raised the monthly average CPO price to its highest to-date of RM5,051 per tonne. In the first ten days of November 2021, CPO prices ranged between RM5,222.50 to RM5,404 per tonne and market analysts expect CPO prices to remain at current level in the near term.

In the recent Malaysian Budget 2022, the government has proposed to increase the threshold price for CPO windfall profit tax ["WPT"] from RM2,500 per tonne to RM3,000 per tonne of CPO in Peninsular Malaysia and from RM3,000 to RM3,500 per tonne of CPO in Sabah and Sarawak albeit at a higher rate from 1.5% to 3%. In addition, a new one-off prosperity tax of 33% is proposed on chargeable profit exceeding RM100 million for year of assessment ["YA"] 2022. Whilst the higher threshold price of CPO which is subjected to WPT is positive, the proposed prosperity tax may negate any benefit from the lower WPT.

Based on the foregoing, the Group expects its results for the financial year ending 31 December 2021 to be significantly higher 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.

*(The remainder of this page has been intentionally left blank)*

**5. Profit before tax**

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	278	201	793	567
Dividend income from money market deposits	1,181	1,215	2,976	2,502
Interest expense	(556)	(631)	(1,748)	(1,902)
Depreciation and amortisation	(21,699)	(22,142)	(65,145)	(66,345)
Property, plant and equipment written off	-	(413)	(43)	(599)
Net gain/(loss) on disposal of property, plant and equipment	41	(109)	80	12,754
Gain from fair value of biological assets	2,571	4,150	4,363	2,254

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

**6. Tax expense**

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	15,102	1,737	42,437	16,050
- deferred tax	1,921	7,070	(169)	(11,142)
	17,023	8,807	42,268	4,908
In respect of prior periods				
- deferred tax	116	-	116	-
	116	-	116	-
	17,139	8,807	42,384	4,908

The Group's effective tax rate (excluding under provision of tax in respect of prior periods) 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.

The Group's effective tax rate for the preceding year corresponding 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 preceding year corresponding period was lower than the statutory tax rate mainly due to capital gain taxed 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 November 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.

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 Consolidated RESB Suit has been fixed for continued hearing from 20 to 23 December 2021.

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 Consolidated RESB Suit has been fixed for continued hearing from 20 to 23 December 2021.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

**10. Derivatives**

The Group did not enter into any derivative contract and accordingly there was no outstanding derivative as at the end of the financial year.

**11. Gains/Losses arising from fair value changes of financial liabilities**

There was no gain/loss arising from fair value changes of financial liabilities for the current quarter under review as all the Group’s financial liabilities are measured at amortised cost.

**12. Earnings per share ["EPS"]**

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

	Quarter ended		Year-to-date ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Profit attributable to owners of the Company (RM'000)	52,925	25,082	129,716	53,345
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	6.62	3.14	16.22	6.67

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

**13. Dividends**

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

**14. Auditors' report on preceding annual financial statements**

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2020 was not subject to any qualification.

*(The remainder of this page has been intentionally left blank)*

**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 November 2021