

**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 2021**

	Quarter ended			Year ended		
	31.12.2021 RM'000	31.12.2020 RM'000	Increase/ (Decrease)	31.12.2021 RM'000	31.12.2020 RM'000 (Audited)	Increase/ (Decrease)
<b>Revenue</b>	194,828	153,269	27%	670,851	467,595	43%
Operating expenses	(102,627)	(113,580)		(418,937)	(391,125)	
Other operating income	26,533	11,082		40,668	* 34,456	
<b>Operating profit</b>	118,734	50,771	134%	292,582	110,926	164%
Finance costs	(574)	(624)		(2,322)	(2,526)	
<b>Profit before tax</b>	118,160	50,147	136%	290,260	108,400	168%
Tax expense	(23,853)	(13,196)		(66,237)	(18,104)	
<b>Profit for the period representing total comprehensive income for the period</b>	94,307	36,951	155%	224,023	90,296	148%
<b>Earnings per share (sen)</b>						
Basic	11.79	4.62	155%	28.01	11.29	148%
Diluted	N/A	N/A		N/A	N/A	

\* Other operating income for the preceding 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 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 31 DECEMBER 2021**

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000 (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	1,710,570	1,801,508
<b>Current assets</b>		
Inventories	91,078	54,286
Biological assets	57,721	33,889
Receivables	14,266	31,852
Current tax assets	11,889	1,373
Money market deposits	296,637	195,322
Cash and cash equivalents	121,040	63,655
	592,631	380,377
Assets held for sale	66,101	-
	658,732	380,377
<b>TOTAL ASSETS</b>	<b>2,369,302</b>	<b>2,181,885</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	1,755,895	1,587,850
	1,883,712	1,715,667
Less: Treasury shares	(841)	(841)
<b>TOTAL EQUITY</b>	<b>1,882,871</b>	<b>1,714,826</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	378,865	373,180
Lease liabilities	43,209	45,610
	422,074	418,790
<b>Current liabilities</b>		
Payables	51,777	33,230
Current tax liabilities	6,303	5,434
Lease liabilities	6,277	9,605
	64,357	48,269
<b>TOTAL LIABILITIES</b>	<b>486,431</b>	<b>467,059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,369,302</b>	<b>2,181,885</b>
<b>Net assets per share (RM)</b>	<b>2.35</b>	<b>2.14</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 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 ENDED 31 DECEMBER 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	-	-	224,023	-	224,023
Dividends	-	-	(55,978)	-	(55,978)
<b>At 31 December 2021</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,755,895</u>	<u>(841)</u>	<u>1,882,871</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	-	-	90,296	-	90,296
Dividends	-	-	(27,989)	-	(27,989)
<b>At 31 December 2020 (Audited)</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,587,850</u>	<u>(841)</u>	<u>1,714,826</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 ENDED 31 DECEMBER 2021**

	Year ended	
	31.12.2021	31.12.2020
	RM'000	RM'000 (Audited)
<b>Cash flows from operating activities</b>		
Profit before tax	290,260	108,400
Adjustments for:		
Non-cash items	62,952	79,384
Non-operating items	(125)	(12,783)
Dividend income	(4,739)	(3,417)
Net interest expense	1,198	1,620
Operating profit before working capital changes	349,546	173,204
Net changes in working capital	(659)	(10,681)
Net tax paid	(70,199)	(24,080)
Net interest paid	(1,198)	(1,620)
<b>Net cash generated from operating activities</b>	<b>277,490</b>	<b>136,823</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	4,739	3,417
Increase in money market deposits	(101,315)	(111,295)
Proceeds from disposal of property, plant and equipment	125	77,573
Purchase of property, plant and equipment	(57,757)	(54,664)
<b>Net cash used in investing activities</b>	<b>(154,208)</b>	<b>(84,969)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(55,978)	(27,989)
Payment of lease liabilities	(9,919)	(9,527)
<b>Net cash used in financing activities</b>	<b>(65,897)</b>	<b>(37,516)</b>
<b>Net change in cash and cash equivalents</b>	<b>57,385</b>	<b>14,338</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>121,040</b>	<b>63,655</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	59,000	39,910
Cash in hand and at bank	62,040	23,745
	<b>121,040</b>	<b>63,655</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 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 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 financial year and preceding year were as follows:

	Year ended	
	31.12.2021 RM'000	31.12.2020 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 ended 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 financial year and up to 17 February 2022 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 17 February 2022.

**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 31.12.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	20,416	25,053

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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 1 July 2020 and 24 May 2021, except for the following:

As announced on 24 November 2021 ["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 seven (7) parcels of agricultural land planted with oil palm trees thereon situated at Jalan Muul Hill, off Jalan Bukit Kawa, Off Km 35, Jalan Tawau-Kunak-Lahad Datu Highway, 91000 Tawau, Sabah together with buildings, 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 RM84,925,000.00 ["Proposed HSP (LK) Disposal"]:-

No.	Title Number	Approximate Area (Hectares)
1.	CL 105315955	90.312
2.	CL 105320161	194.067
3.	CL 105315900	87.009
4.	CL 105316032	39.696
5.	CL 105342550	12.100
6.	CL 105351915	180.777
7.	CL 105342532	19.798
	<b>Total</b>	<b>623.759</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 62.64%, comprising 54.63% direct shareholding and 8.01% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. HSCB was a major shareholder holding 598,889,400 shares constituting 74.89% 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 24 January 2022 with the purchase consideration paid in full by the Purchaser.



**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 RM194.8 million was 27% higher than the preceding year corresponding quarter due to higher average selling prices realisation of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] albeit with lower sales volume for both products. Consequently, the Group's profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM118.2 million and RM94.3 million more than doubled that of the preceding year corresponding quarter of RM50.1 million and RM37 million respectively.

Average selling price per tonne of CPO and PK for the current quarter were significantly higher at RM5,103 and RM3,762 respectively as compared to the preceding year corresponding quarter of RM3,148 for CPO and RM2,027 for PK. CPO sales volume for the current quarter at 30,972 tonnes was 26% lower than the preceding year corresponding quarter whilst PK sales volume was 10% lower at 8,430 tonnes mainly attributable to lower CPO and PK production and timing of deliveries.

Production of CPO and PK for the current quarter were lower than the preceding year corresponding quarter by 6% and 8% respectively due to lower fresh fruit bunches ["FFB"] production and lower FFB purchased mitigated somewhat by higher CPO and PK extraction rates. FFB production for the current quarter was 7% lower than the preceding year corresponding quarter as FFB yield was affected by the seasonal yield trend and cropping patterns.

Overall, the Group's PBT and PAT for the year at RM290.3 million and RM224 million were higher than the preceding year by 168% and 148% respectively mainly benefitted from significantly higher average selling prices for CPO and PK. Correspondingly, basic earnings per share for the year was significantly higher at 28.01 sen as compared to the preceding year of 11.29 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 31.12.2021</b>	<b>Immediate Preceding Quarter ended 30.9.2021</b>	<b>Increase/ (Decrease)</b>
	RM'000	RM'000	
Revenue	<u>194,828</u>	<u>173,630</u>	12%
Profit before tax	<u>118,160</u>	<u>70,064</u>	69%
Profit after tax	<u>94,307</u>	<u>52,925</u>	78%

The Group's PBT for the current quarter at RM118.2 million was 69% higher than the immediate preceding quarter of RM70.1 million mainly attributable to higher revenue, higher gain from fair value of biological assets of RM19.5 million as compared to the immediate preceding quarter of RM2.6 million as well as favourable valuation of closing inventories in the current quarter.

Revenue was 12% higher than the immediate preceding quarter, benefitted from higher average selling price per tonne of CPO and PK albeit with lower CPO sales volume. Average selling price per tonne of CPO and PK were 18% and 44% higher than the immediate preceding quarter of RM4,341 and RM2,615 respectively. Sales volume of CPO for the current quarter was 11% below the immediate preceding quarter of 34,753 tonnes attributable to timing of deliveries whilst PK's sales volume was 18% higher than the immediate preceding quarter of 7,163 tonnes benefitted from higher PK production and extraction rate.

### 3. Current year prospects

Malaysian palm oil inventories decreased by 3.9% month-on-month to 1.552 million tonnes at end January 2022 from 1.615 million tonnes at end December 2021 in tandem with the lower production. The global supplies of edible oils remain tight due to lower-than-expected production which have pushed edible oils prices to an unprecedented high. The monthly average CPO price was at its highest at RM5,354.50 per tonne in January 2022 and daily CPO price up to 18 February 2022, reached a record high of RM6,027.50 per tonne, supported by demand from India with the reduction by the Indian government on its agriculture infrastructure and development tax on crude palm oil from 7.5% to 5% with effect from 13 February 2022 to help its domestic palm oil refiners and consumers.

The Indonesian government new domestic market obligation policy on palm oil exports implemented on 27 January 2022 which aims to control the domestic supply of vegetable oils and their prices, requires exporters of palm oil products to sell 20 percent of their planned total export volume domestically. This will further reduce Indonesian CPO exports and boost demand for Malaysia's CPO.

Palm oil industry analysts expect current CPO prices to be supported in the short term in view of the low palm oil production season in the first quarter of 2022, exacerbated by delays in foreign workers intake in Malaysia to mitigate the existing labour shortage in the industry. In addition, the severe drought in South America affecting harvest and river transportation of its major summer crops of corn and soybeans will impact global supply of edible oils and push its prices up.

Overall, the Group expects its results for the financial year ending 31 December 2022 to be influenced by movements in commodities prices and uncertainties in the global economies caused by the prolonged COVID-19 pandemic and effectiveness of global containment measures.

### 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	331	339	1,124	906
Dividend income from money market deposits	1,763	915	4,739	3,417
Interest expense	(574)	(624)	(2,322)	(2,526)
Depreciation and amortisation	(21,346)	(21,307)	(86,491)	(87,652)
Property, plant and equipment written off	(250)	-	(293)	(572)
Net gain on disposal of property, plant and equipment	45	29	125	12,783
Gain from fair value of biological assets	19,469	6,586	23,832	8,840

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	24,593	13,704	67,030	29,754
- deferred tax	3,264	(472)	3,095	(11,614)
	<u>27,857</u>	<u>13,232</u>	<u>70,125</u>	<u>18,140</u>
In respect of prior periods				
- income tax	(6,478)	(505)	(6,478)	(505)
- deferred tax	2,474	469	2,590	469
	<u>(4,004)</u>	<u>(36)</u>	<u>(3,888)</u>	<u>(36)</u>
	<u>23,853</u>	<u>13,196</u>	<u>66,237</u>	<u>18,104</u>

The Group's effective tax rate (excluding tax in respect of prior periods) for the current quarter was lower than the statutory tax rate mainly due to non-taxable income whilst effective tax rate for the year was marginally higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes.

The income tax credit in respect of prior periods for the current quarter and for the year were mainly attributable to the tax benefit derived from the investment tax allowance on the Group's biogas plant.

The Group's effective tax rate (excluding tax in respect of prior periods) for the preceding year corresponding quarter was higher than the statutory tax rate mainly due to certain expenses being non-deductible for tax purposes whilst the effective tax rate for the preceding year 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 17 February 2022.

**8. Borrowings and debt securities**

The Group does not have any borrowing nor debt security.

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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, 7 February 2020 and 20 to 23 December 2021. The KKHC has yet to fix further hearing dates of the Consolidated RESB Suit.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated 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, 7 February 2020 and 20 to 23 December 2021. The KKHC has yet to fix further hearing dates of the Consolidated RESB Suit.

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

**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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	94,307	36,951	224,023	90,296
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	11.79	4.62	28.01	11.29

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

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

### 13. Dividends

Dividends for the current financial year ended 31 December 2021 are as follows:

- (a) First interim dividend of 1.5 sen (2020: 1.5 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 24 August 2021 and paid on 22 September 2021;
- (b) The Board of Directors has on even date approved the following interim dividend for the year ended 31 December 2021:
  - (i) Amount per ordinary share - Second interim dividend 15.5 sen (2020: 5.5 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 17 sen (2020: 7 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 23 March 2022; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 10 March 2022.

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

**NOTICE IS HEREBY GIVEN** that the second interim dividend of 15.5 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 2021, will be payable in cash on 23 March 2022 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 10 March 2022.

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 10 March 2022 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  
23 February 2022