

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 2022**

	Quarter ended			Year ended		
	31.12.2022 RM'000	31.12.2021 RM'000	Increase/ (Decrease)	31.12.2022 RM'000	31.12.2021 RM'000 (Audited)	Increase/ (Decrease)
Revenue	143,552	194,828	(26%)	814,554	670,851	21%
Operating expenses	(122,111)	(102,627)		(590,577)	(418,937)	
Other operating income	7,069	26,533		*42,972	40,668	
Operating profit	28,510	118,734	(76%)	266,949	292,582	(9%)
Finance costs	(809)	(574)		(2,976)	(2,322)	
Profit before tax	27,701	118,160	(77%)	263,973	290,260	(9%)
Tax expense	(8,831)	(23,853)		(53,658)	(66,237)	
Profit and total comprehensive income for the period	18,870	94,307	(80%)	210,315	224,023	(6%)
Earnings per share (sen)						
Basic	2.36	11.79	(80%)	26.30	28.01	(6%)
Diluted	N/A	N/A		N/A	N/A	

* Other operating income for the year ended 31 December 2022 included the gain on disposal of assets held for sale of RM18.8 million 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 2021 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 2022**

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	1,732,233	1,710,570
Current assets		
Inventories	119,545	91,078
Biological assets	28,508	57,721
Receivables	9,204	14,266
Current tax assets	25,117	11,889
Money market deposits	339,586	296,637
Cash and cash equivalents	166,336	121,040
	688,296	592,631
Assets held for sale	-	66,101
	688,296	658,732
TOTAL ASSETS	2,420,529	2,369,302
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	1,802,275	1,755,895
	1,930,092	1,883,712
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	1,929,251	1,882,871
Non-current liabilities		
Deferred tax liabilities	362,043	378,865
Lease liabilities	57,861	43,209
	419,904	422,074
Current liabilities		
Payables	61,282	51,777
Current tax liabilities	-	6,303
Lease liabilities	10,092	6,277
	71,374	64,357
TOTAL LIABILITIES	491,278	486,431
TOTAL EQUITY AND LIABILITIES	2,420,529	2,369,302
Net assets per share (RM)	2.41	2.35
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 2021 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 2022**

	← 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 2022	1,475,578	(1,347,761)	1,755,895	(841)	1,882,871
Profit and total comprehensive income for the period	-	-	210,315	-	210,315
Dividends	-	-	(163,935)	-	(163,935)
At 31 December 2022	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,802,275</u>	<u>(841)</u>	<u>1,929,251</u>
At 1 January 2021	1,475,578	(1,347,761)	1,587,850	(841)	1,714,826
Profit and total comprehensive income for the period	-	-	224,023	-	224,023
Dividends	-	-	(55,978)	-	(55,978)
At 31 December 2021 (Audited)	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,755,895</u>	<u>(841)</u>	<u>1,882,871</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 2021 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 2022**

	Year ended	
	31.12.2022	31.12.2021
	RM'000	RM'000 (Audited)
Cash flows from operating activities		
Profit before tax	263,973	290,260
Adjustments for:		
Non-cash items	105,416	62,952
Non-operating items	(18,998)	(125)
Dividend income	(401)	(4,739)
Net interest expense	929	1,198
Operating profit before working capital changes	350,919	349,546
Net changes in working capital	(13,900)	(659)
Net tax paid	(90,011)	(70,199)
Net interest paid	(929)	(1,198)
Net cash generated from operating activities	246,079	277,490
Cash flows from investing activities		
Dividend received from money market deposits	401	4,739
Increase in money market deposits	(34,232)	(101,315)
Proceeds from disposal of property, plant and equipment	680	125
Proceeds from disposal of assets held for sale	84,925	-
Purchase of property, plant and equipment	(79,025)	(57,757)
Net cash used in investing activities	(27,251)	(154,208)
Cash flows from financing activities		
Dividends paid	(163,935)	(55,978)
Payment of lease liabilities	(9,597)	(9,919)
Net cash used in financing activities	(173,532)	(65,897)
Net change in cash and cash equivalents	45,296	57,385
Cash and cash equivalents at beginning of period	121,040	63,655
Cash and cash equivalents at end of period	166,336	121,040
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	140,800	59,000
Cash in hand and at bank	25,536	62,040
	166,336	121,040

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 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 2021.

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 2021.

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 2022, 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	
	31.12.2022 RM'000	31.12.2021 RM'000
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
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
- Second interim (15.5 sen) under the single tier system approved by the Directors on 23 February 2022 and paid on 23 March 2022	123,951	-
Dividend in respect of financial year ended 31 December 2022:		
- First interim (5 sen) under the single tier system approved by the Directors on 24 August 2022 and paid on 22 September 2022	39,984	-
	<u>163,935</u>	<u>55,978</u>

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 financial year

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 2023 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 2023, 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 [“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
	Total	623.759

The 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 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 HSP (LK) Disposal. As such, they had abstained from all board deliberations and voting in respect of the 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 HSP (LK) Disposal. As such, he had abstained from all board deliberations and voting in respect of the HSP (LK) Disposal.

The HSP (LK) Disposal was completed on 24 January 2022 with the purchase consideration paid in full by the Purchaser resulted in a gain of approximately RM18.8 million to the Group.

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 31.12.2022 RM'000	As at 31.12.2021 RM'000 <i>(Audited)</i>
Contracted but not provided for - Property, plant and equipment	26,224	20,416

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 24 May 2021 and 25 May 2022, other than as disclosed in Note 10 above.

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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 RM143.6 million was 26% lower than the preceding year corresponding quarter mainly due to lower average selling price of all palm products and lower sales volume of Crude Palm Oil ["CPO"]. Profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM27.7 million and RM18.9 million were lower than the preceding year corresponding quarter by 77% and 80% respectively as a consequence of the lower revenue, higher production costs and loss from fair value adjustments of biological assets of RM13.2 million as compared to a gain of RM19.5 million in the preceding year corresponding quarter. Production costs were mainly affected by higher fertilizer and diesel costs as well as increase in minimum wage.

Average selling price per tonne of CPO and Palm Kernel ["PK"] for the current quarter were lower at RM4,019 and RM2,245 respectively as compared to the preceding year corresponding quarter of RM5,103 and RM3,762. CPO sales volume for the current quarter at 30,066 tonnes was 3% lower than the preceding year corresponding quarter mainly due to timing of deliveries whilst PK sales volume was 3% higher at 8,708 tonnes mainly attributable to higher PK production.

Production of CPO and PK in the current quarter were higher by 11% and 4% respectively as compared to the preceding year corresponding quarter attributable to higher fresh fruit bunches ["FFB"] production as well as higher volume of FFB purchased. Current quarter's FFB production was 7% higher than the preceding year corresponding quarter with improvement in FFB yield.

Group's PBT and PAT for the year were RM264 million and RM210.3 million and included a gain of RM18.8 million and RM26.5 million (net of real property gains tax of RM7.8 million and reversal of deferred tax of RM15.5 million) respectively arising from the completion of the HSP (LK) Disposal as disclosed in Note 10 of Part A. Overall, Group's PBT and PAT for the year were lower than the preceding year by 9% and 6% respectively mainly attributable to higher production costs which were adversely affected by higher fertilizer and diesel costs, increase in minimum wage and loss from fair value adjustments of biological assets of RM29.2 million as compared to a gain of RM23.8 million in the preceding year, mitigated by higher average selling prices of all palm products.

Correspondingly, basic earnings per share for the year at 26.3 sen was 6% below the preceding year of 28.01 sen.

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

	Current Quarter ended 31.12.2022	Immediate Preceding Quarter ended 30.9.2022	Increase/ (Decrease)
	RM'000	RM'000	
Revenue	<u>143,552</u>	<u>181,987</u>	(21%)
Profit before tax	<u>27,701</u>	<u>17,231</u>	61%
Profit after tax	<u>18,870</u>	<u>22,876</u>	(18%)

Group's PBT for the current quarter at RM27.7 million was 61% higher than the immediate preceding quarter of RM17.2 million in spite of lower revenue, mainly attributable to lower operating expenses in the current quarter and lower loss from fair value of biological assets of RM13.2 million as compared to RM24.2 million in the immediate preceding quarter.

Revenue in the current quarter was 21% lower than the immediate preceding quarter mainly affected by lower average selling price of all palm products. Average selling price per tonne of CPO and PK were 23% and 12% lower than the immediate preceding quarter of RM5,219 and RM2,543 respectively.

3. **Current year prospects**

Malaysia's CPO production in January 2023 was 14.7% lower month-on-month at 1.38 million tonnes, the lowest in nearly a year whilst palm oil exports plummeted by 23% to 1.14 million tonnes affected by lower shipments to China and India. At the end of January 2023, Malaysia's palm oil inventories increased by 3.3% month-on-month to 2.27 million tonnes. With the seasonal low FFB production expected in the first quarter of 2023 and pent-up demand for the forthcoming Ramadan month, Malaysia's palm oil inventories are expected to decline by the end of the first quarter 2023.

Average CPO price per tonne in January 2023 was RM3,922. In the first ten days of February 2023, daily prices of CPO ranged between RM3,691 to RM3,886 per tonne. Plantation industry analysts expect CPO prices in the first quarter of 2023 to range between RM3,500 to RM4,500 per tonne. CPO prices in the near term are expected to be influenced by concerns of global supply risks of vegetable oils with the seasonal lower CPO production in first quarter 2023, lower soybeans production due to the ongoing drought in Argentina, lower sunflower seed oil production affected by the ongoing Russian-Ukraine war, the tightening of palm oil export policy by Indonesia with effect from 1 January and Indonesia raising its biodiesel mandate from B30 to B35 with effect from 1 February 2023.

Production costs are expected to continue to be affected by high fertilizer prices and the increase of minimum wage to RM1,500 under the Malaysian Minimum Wage Order 2022 with effect from 1 May 2022 and other inflationary pressures. Nevertheless, the Group will continue to put concerted efforts to improve FFB yield, oil extraction rates and overall cost efficiencies to mitigate the rising production costs.

Based on the foregoing, the Group expects its results for the financial year ending 31 December 2023 to be influenced by movements in commodities prices, rising production costs and uncertainties in the global economies.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	592	331	2,047	1,124
Dividend income from money market deposits	85	1,763	401	4,739
Net gain on money market deposits at fair value	2,974	-	8,717	-
Interest expense	(809)	(574)	(2,976)	(2,322)
Depreciation and amortisation	(21,684)	(21,346)	(84,694)	(86,491)
Property, plant and equipment written off	(190)	(250)	(226)	(293)
Net gain on disposal of property, plant and equipment	104	45	174	125
Gain on disposal of assets held for sale	-	-	18,824	-
Net (loss)/gain from fair value adjustments of biological assets	(13,162)	19,469	(29,213)	23,832

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	9,655	24,593	73,431	67,030
- deferred tax	(824)	3,264	(17,512)	3,095
	8,831	27,857	55,919	70,125
In respect of prior periods				
- income tax	-	(6,478)	(2,951)	(6,478)
- deferred tax	-	2,474	690	2,590
	-	(4,004)	(2,261)	(3,888)
	8,831	23,853	53,658	66,237

The Group's effective tax rate for the current quarter was higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes, deferred tax assets not recognised on business losses in certain subsidiaries and the provision of Cukai Makmur (Prosperity Tax) at 33% on chargeable income exceeding RM100 million for year of assessment 2022 only as provided in the Finance Act 2021. The effective tax rate (excluding tax in respect of prior periods) for the year was lower than the statutory tax rate mainly due to the capital gain arising from the disposal of assets held for sale taxed at the lower real property gains tax rate and the reversal of deferred tax provision at income tax rate.

6. Tax expense (continued)

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

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 2023.

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 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 trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of written submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision 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 trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of written submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to owners of the Company (RM'000)	18,870	94,307	210,315	224,023
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	2.36	11.79	26.30	28.01

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

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13. Dividends

Dividends for the current financial year ended 31 December 2022 are as follows:

- (a) First interim dividend of 5 sen (2021: 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 2022 and paid on 22 September 2022;
- (b) The Board of Directors has on even date approved the following interim dividend for the year ended 31 December 2022:
 - (i) Amount per ordinary share - Second interim dividend 7 sen (2021: 15.5 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 12 sen (2021: 17 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 22 March 2023; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 9 March 2023.

NOTICE OF INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the second interim dividend of 7 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 2022, will be payable in cash on 22 March 2023 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 9 March 2023.

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 March 2023 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 2021 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 agreed 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 its compliance with the SC 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 17 May 2022, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2027 [“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, a 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
22 February 2023