

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2023**

	Quarter ended			Year-to-date ended		
	30.6.2023 RM'000	30.6.2022 RM'000	Increase/ (Decrease)	30.6.2023 RM'000	30.6.2022 RM'000	Increase/ (Decrease)
<b>Revenue</b>	168,787	246,862	(32%)	328,721	489,015	(33%)
Operating expenses	(153,561)	(152,709)		(286,199)	(297,124)	
Net other operating (expense)/income	(1,268)	688		3,733	* 28,546	
<b>Operating profit</b>	13,958	94,841	(85%)	46,255	220,437	(79%)
Finance costs	(775)	(720)		(1,587)	(1,396)	
<b>Profit before tax</b>	13,183	94,121	(86%)	44,668	219,041	(80%)
Tax expense	(3,762)	(27,219)		(11,832)	(50,472)	
<b>Profit and total comprehensive income for the period</b>	9,421	66,902	(86%)	32,836	168,569	(81%)
<b>Earnings per share (sen)</b>						
Basic	1.18	8.37	(86%)	4.11	21.08	(81%)
Diluted	N/A	N/A		N/A	N/A	

\* Net other operating income for the preceding year-to-date ended 30 June 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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 JUNE 2023**

	As at <b>30.6.2023</b> RM'000	As at <b>31.12.2022</b> RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	1,731,903	1,732,233
<b>Current assets</b>		
Inventories	103,206	119,545
Biological assets	26,544	28,508
Receivables	23,499	9,204
Current tax assets	34,970	25,117
Money market deposits	351,914	339,586
Cash and cash equivalents	135,961	166,336
	<u>676,094</u>	<u>688,296</u>
<b>TOTAL ASSETS</b>	<u>2,407,997</u>	<u>2,420,529</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	1,779,133	1,802,275
	<u>1,906,950</u>	<u>1,930,092</u>
Less: Treasury shares	(841)	(841)
<b>TOTAL EQUITY</b>	<u>1,906,109</u>	<u>1,929,251</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	360,920	362,043
Lease liabilities	56,303	57,861
	<u>417,223</u>	<u>419,904</u>
<b>Current liabilities</b>		
Payables	75,436	61,282
Lease liabilities	9,229	10,092
	<u>84,665</u>	<u>71,374</u>
<b>TOTAL LIABILITIES</b>	<u>501,888</u>	<u>491,278</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,407,997</u>	<u>2,420,529</u>
<b>Net assets per share (RM)</b>	<u>2.38</u>	<u>2.41</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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements*

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2023**

	← 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 2023</b>	1,475,578	(1,347,761)	1,802,275	(841)	1,929,251
Profit and total comprehensive income for the period	-	-	32,836	-	32,836
Dividend	-	-	(55,978)	-	(55,978)
<b>At 30 June 2023</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,779,133</u>	<u>(841)</u>	<u>1,906,109</u>
<b>At 1 January 2022</b>	1,475,578	(1,347,761)	1,755,895	(841)	1,882,871
Profit and total comprehensive income for the period	-	-	168,569	-	168,569
Dividend	-	-	(123,951)	-	(123,951)
<b>At 30 June 2022</b>	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,800,513</u>	<u>(841)</u>	<u>1,927,489</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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements*

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2023**

	Year-to-date ended	
	30.6.2023 RM'000	30.6.2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	44,668	219,041
Adjustments for:		
Non-cash items	42,237	31,273
Non-operating items	(224)	(18,900)
Dividend income	(1,729)	(217)
Net interest (income)/expense	(599)	392
Operating profit before working capital changes	84,353	231,589
Net changes in working capital	16,198	22,557
Net tax paid	(22,808)	(38,856)
Net interest received/(paid)	599	(392)
<b>Net cash generated from operating activities</b>	<b>78,342</b>	<b>214,898</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	1,729	217
Increase in money market deposits	(8,180)	(151,263)
Proceeds from disposal of property, plant and equipment	224	93
Proceeds from disposal of assets held for sale	-	84,925
Purchase of property, plant and equipment	(40,893)	(31,063)
<b>Net cash used in investing activities</b>	<b>(47,120)</b>	<b>(97,091)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(55,978)	(123,951)
Payment of lease liabilities	(5,619)	(4,414)
<b>Net cash used in financing activities</b>	<b>(61,597)</b>	<b>(128,365)</b>
<b>Net change in cash and cash equivalents</b>	<b>(30,375)</b>	<b>(10,558)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>166,336</b>	<b>121,040</b>
<b>Cash and cash equivalents at end of period</b>	<b>135,961</b>	<b>110,482</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	102,800	35,400
Cash in hand and at bank	33,161	75,082
	<b>135,961</b>	<b>110,482</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 2022 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 2022.

**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 2022.

**2. Comments on the seasonality or cyclicity of operations**

Seasonal or cyclical factors affecting the operational performance of the Group include general climatic conditions, age profile of oil palms, the cyclical nature of annual production and the movements in commodity prices.

**3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

**4. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial years.

**5. Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

During the current quarter, there was no buyback of shares, resale nor cancellation of treasury shares.

As at 30 June 2023, 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 ordinary shares during the interim period and preceding year corresponding period were as follows:

	Year-to-date ended	
	30.6.2023	30.6.2022
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2021:		
- 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:		
- second interim (7 sen) under the single tier system approved by the Directors on 22 February 2023 and paid on 22 March 2023	55,978	-
	<u>55,978</u>	<u>123,951</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 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 18 August 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 interim period.

## 10. Significant events and transactions

There were no events or transactions which 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 18 August 2023.

## 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 interim period 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 30.6.2023</b>	<b>As at 31.12.2022</b>
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - property, plant and equipment	62,169	26,224

**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 25 May 2022 and 24 May 2023.

*(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 RM168.8 million was 32% lower than the preceding year corresponding quarter, mainly due to lower average selling price of all palm products but mitigated by higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"].

Average selling price per tonne of CPO and PK for the current quarter were lower at RM3,978 and RM2,168 respectively as compared to the preceding year corresponding quarter of RM6,737 for CPO and RM3,769 for PK. CPO sales volume for the current quarter at 37,635 tonnes was 17% above the preceding year corresponding quarter of 32,044 tonnes whilst PK sales volume was 11% higher at 7,604 tonnes as compared to the preceding year corresponding quarter of 6,847 tonnes, mainly benefitted from higher production.

Production of CPO and PK in the current quarter were higher than the preceding year corresponding quarter by 16% and 12% respectively attributable to higher fresh fruit bunches ["FFB"] production, higher volume of FFB purchased and higher CPO extraction rate. Current quarter's FFB production was 10% higher than the preceding year corresponding quarter, benefitted from higher FFB yield due to seasonal yield trend and changes in cropping patterns.

Production costs continued to be affected by high fertilizer and diesel prices, and the increase in minimum wage from RM1,100 to RM1,500 effective from 31 May 2022.

Overall, Group's profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter were RM13.2 million and RM9.4 million, both lower than the preceding year corresponding quarter by 86%, also affected by higher loss from fair value adjustments of biological assets.

Year-to-date Group's PBT and PAT were RM44.7 million and RM32.8 million, 80% and 81% lower than the preceding year corresponding period respectively mainly affected by lower average selling price of all palm products, higher production costs and loss from fair value adjustments of biological assets. In the preceding year corresponding period, PBT and PAT also 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 disposal of assets held for sale disclosed in Note 5 below.

Correspondingly, basic earnings per share for the year-to-date at 4.11 sen was 81% lower than the preceding year corresponding period of 21.08 sen.

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



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 30.6.2023</b>	<b>Immediate Preceding Quarter ended 31.3.2023</b>	<b>Increase/ (Decrease)</b>
	RM'000	RM'000	
Revenue	<u>168,787</u>	<u>159,934</u>	6%
Profit before tax	<u>13,183</u>	<u>31,485</u>	(58%)
Profit after tax	<u>9,421</u>	<u>23,415</u>	(60%)

The Group's PBT for the current quarter at RM13.2 million was 58% lower than the immediate preceding quarter of RM31.5 million in spite of higher revenue, mainly due to higher operating expenses for the current quarter and loss from fair value adjustments of biological assets.

Revenue in the current quarter was 6% higher than the immediate preceding quarter mainly benefitted from higher sales volume of CPO which was 11% above the immediate preceding quarter of 33,906 tonnes.

3. **Current year prospects**

Malaysia's palm oil inventories at the end of July 2023 at 1.73 million tonnes was at its 5-month peak and marginally above the previous month on the back of higher palm oil production as FFB production is in its upward seasonal yield trend but mitigated by higher palm oil exports which rose by 15.5%.

Palm oil exports are expected to increase further in August and September as major palm oil importing countries, such as India, China, Bangladesh and Pakistan are expected to take advantage of the current wide price discounts of palm oil to soybean and sunflower oil. Prices of soybean and sunflower oil have increased recently due to concerns of lower global soybean production and uncertainties of Black Sea sunflower oil supply after Russia withdrew from the Black Sea Grain Initiative and caused hostilities in Odesa, one of Ukraine's main ports for exporting grain. The current palm oil price discounts to competing soft oils are likely to narrow as rising exports would reduce the palm oil inventories in both Malaysia and Indonesia which may render improved palm oil price. Average CPO price per tonne in July 2023 was RM3,897 and in the first ten days of August 2023, daily prices ranged between RM3,723.50 to RM3,846.50 per tonne.

Production costs are expected to remain high due to inflationary pressures and the high prices of fertilizer, diesel and other input materials as well as higher labour cost. To mitigate this, the Group continues to focus on improving FFB yield and extraction rates whilst making concerted efforts to improve overall cost efficiencies of its operations.

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, high 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-to-date ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	1,087	424	2,186	1,004
Dividend income from money market deposits	354	86	1,729	217
Gain on money market deposits at fair value	2,782	1,431	4,148	2,467
Interest expense	(775)	(720)	(1,587)	(1,396)
Depreciation and amortisation	(21,592)	(21,009)	(43,525)	(41,884)
Property, plant and equipment written off	(24)	-	(896)	-
Gain on disposal of property, plant and equipment	116	35	224	76
Gain on disposal of assets held for sale	-	-	-	18,824
Net (loss)/gain from fair value adjustments of biological assets	(4,296)	(540)	(1,964)	8,144

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

**6. Tax expense**

	Quarter ended		Year-to-date ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	4,901	27,807	12,955	65,318
- deferred tax	(1,139)	(614)	(1,123)	(14,872)
	3,762	27,193	11,832	50,446
In respect of prior periods				
- income tax	-	26	-	26
	3,762	27,219	11,832	50,472

The Group's effective tax rate for the current quarter and year-to-date were higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes and deferred tax assets not recognised on business losses in certain subsidiaries.

The Group's effective tax rate (excluding under provision of tax in respect of prior periods) for the preceding year corresponding quarter was higher than the statutory tax rate mainly due to certain expenses non-deductible for tax purposes and the provision of Cukai Makmur (Prosperity Tax) at 33% on chargeable income exceeding RM100 million for the year of assessment 2022 only as provided in the Finance Act 2021. The effective tax rate for the preceding year corresponding period 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.

**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 18 August 2023.

**8. Borrowings and debt securities**

The Group does not have any borrowing nor debt security.

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

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 trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. Parties have filed their written submissions to the Court on 7 July 2023. A further case management date has been fixed on 30 August 2023 to set 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. Parties have filed their written submissions to the Court on 7 July 2023. A further case management date has been fixed on 30 August 2023 to set 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 interim period.

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

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

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

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

	Quarter ended		Year-to-date ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to owners of the Company (RM'000)	9,421	66,902	32,836	168,569
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	1.18	8.37	4.11	21.08

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

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

**13. Dividends**

- (a) The Board of Directors has on even date approved the following interim dividend for the year ending 31 December 2023:
- |  |  |
|--|--|
| (i) Amount per ordinary share<br>- First interim dividend  | 1.5 sen (2022: 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:<br>Amount per ordinary share | 1.5 sen (2022: 5 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
- (b) The dividend will be payable in cash on 21 September 2023; and
- (c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 8 September 2023.

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

**NOTICE IS HEREBY GIVEN** that the first interim dividend of 1.5 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2023, will be payable in cash on 21 September 2023 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 8 September 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 8 September 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 2022 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  
23 August 2023