

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2024**

	Quarter ended			Year-to-date ended		
	31.3.2024 RM'000	31.3.2023 RM'000	Increase/ (Decrease)	31.3.2024 RM'000	31.3.2023 RM'000	Increase/ (Decrease)
Revenue	159,003	159,934	(1%)	159,003	159,934	(1%)
Operating expenses	(124,628)	(132,638)		(124,628)	(132,638)	
Net other operating income	14,924	5,001		14,924	5,001	
Operating profit	49,299	32,297	53%	49,299	32,297	53%
Finance costs	(827)	(812)		(827)	(812)	
Profit before tax	48,472	31,485	54%	48,472	31,485	54%
Tax expense	(11,945)	(8,070)		(11,945)	(8,070)	
Profit and total comprehensive income for the period	36,527	23,415	56%	36,527	23,415	56%
Earnings per share (sen)						
Basic	4.57	2.93	56%	4.57	2.93	56%
Diluted	N/A	N/A		N/A	N/A	

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 2023 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 MARCH 2024**

	As at 31.3.2024 RM'000	As at 31.12.2023 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,731,322	1,734,004
Current assets		
Inventories	110,109	100,916
Biological assets	32,723	20,433
Receivables	9,587	12,628
Tax recoverable	19,339	27,561
Money market deposits	356,771	395,724
Cash and cash equivalents	183,422	135,780
	<u>711,951</u>	<u>693,042</u>
TOTAL ASSETS	<u>2,443,273</u>	<u>2,427,046</u>
Equity attributable to owners of the Company		
Share capital	1,475,578	1,475,578
Merger reserves	(1,347,761)	(1,347,761)
Retained earnings	1,819,815	1,825,671
	<u>1,947,632</u>	<u>1,953,488</u>
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	<u>1,946,791</u>	<u>1,952,647</u>
Non-current liabilities		
Deferred tax liabilities	364,585	362,106
Lease liabilities	58,788	57,759
	<u>423,373</u>	<u>419,865</u>
Current liabilities		
Payables	62,486	44,816
Tax payable	2	47
Lease liabilities	10,621	9,671
	<u>73,109</u>	<u>54,534</u>
TOTAL LIABILITIES	<u>496,482</u>	<u>474,399</u>
TOTAL EQUITY AND LIABILITIES	<u>2,443,273</u>	<u>2,427,046</u>
Net assets per share (RM)	<u>2.43</u>	<u>2.44</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 2023 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 31 MARCH 2024**

	← 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 2024	1,475,578	(1,347,761)	1,825,671	(841)	1,952,647
Profit and total comprehensive income for the period	-	-	36,527	-	36,527
Dividends	-	-	(42,383)	-	(42,383)
At 31 March 2024	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,819,815</u>	<u>(841)</u>	<u>1,946,791</u>
At 1 January 2023	1,475,578	(1,347,761)	1,802,275	(841)	1,929,251
Profit and total comprehensive income for the period	-	-	23,415	-	23,415
Dividends	-	-	(55,978)	-	(55,978)
At 31 March 2023	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,769,712</u>	<u>(841)</u>	<u>1,896,688</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 2023 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 31 MARCH 2024**

	Year-to-date ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	48,472	31,485
Adjustments for:		
Non-cash items	6,570	19,107
Non-operating items	(43)	(108)
Dividend income	(659)	(1,375)
Net interest income	(133)	(287)
Operating profit before working capital changes	54,207	48,822
Net changes in working capital	11,518	6,270
Net tax paid	(1,289)	(6,770)
Net interest received	133	287
Net cash generated from operating activities	64,569	48,609
Cash flows from investing activities		
Dividend received from money market deposits	659	1,375
Decrease in money market deposits	41,754	30,151
Proceeds from disposal of property, plant and equipment	43	108
Purchase of property, plant and equipment	(14,347)	(18,082)
Net cash generated from investing activities	28,109	13,552
Cash flows from financing activities		
Dividends paid	(42,383)	(55,978)
Payment of lease liabilities	(2,653)	(2,805)
Net cash used in financing activities	(45,036)	(58,783)
Net change in cash and cash equivalents	47,642	3,378
Cash and cash equivalents at beginning of the period	135,780	166,336
Cash and cash equivalents at end of the period	183,422	169,714
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	-	134,700
Cash in hand and at bank	183,422	35,014
	183,422	169,714

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2023.

Part A: Explanatory Notes Pursuant to MFRS 134**1. 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 2023.

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 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 31 March 2024, 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	
	31.3.2024	31.3.2023
	RM'000	RM'000
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
Dividend in respect of financial year ended 31 December 2023:		
- second interim (5.3 sen) under the single tier system approved by the Directors on 27 February 2024 and paid on 27 March 2024	42,383	-
	42,383	55,978

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 24 May 2024 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 24 May 2024.

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:

	As at 31.3.2024	As at 31.12.2023
	RM'000	RM'000 <i>(Audited)</i>
Contracted but not provided for - property, plant and equipment	<u>81,933</u>	<u>32,142</u>

13. Significant related party transactions

During the interim period, the Company and its subsidiaries did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meeting held on 24 May 2023.

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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

Group's revenue for the current quarter at RM159 million was close to the preceding year corresponding quarter whilst Group's profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM48.5 million and RM36.5 million were higher than the preceding year corresponding quarter by 54% and 56% respectively.

Average selling price per tonne of Crude Palm Oil ["CPO"] for the current quarter was lower at RM4,023 whilst average selling price per tonne of Palm Kernel ["PK"] was higher at RM2,329 as compared to the preceding year corresponding quarter of RM4,088 and RM2,182 respectively.

CPO sales volume for the current quarter was 34,202 tonnes, marginally above the preceding year corresponding quarter of 33,906 tonnes in spite of lower production as CPO sales in the preceding year corresponding quarter was affected by timing of deliveries. PK sales volume was 5% lower at 8,024 tonnes as compared to the preceding year corresponding quarter of 8,431 tonnes due to lower production.

CPO and PK production for the current quarter were both 6% below the preceding year corresponding quarter due to lower fresh fruit bunches ["FFB"] production affected by seasonal yield trend and changes in cropping patterns, and lower volume of FFB purchased but mitigated by higher extraction rates.

Group's PBT and PAT for the current quarter were higher, benefitted from lower fertilizer costs and higher gain from fair value adjustments of biological assets of RM12.3 million as compared to RM2.3 million in the preceding year corresponding quarter.

Correspondingly, basic earnings per share for the current quarter at 4.57 sen was 56% above the preceding year corresponding quarter of 2.93 sen.

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

	Current Quarter ended 31.3.2024	Immediate Preceding Quarter ended 31.12.2023	Increase/ (Decrease)
	RM'000	RM'000	
Revenue	<u>159,003</u>	<u>174,559</u>	(9%)
Profit before tax	<u>48,472</u>	<u>26,397</u>	84%
Profit after tax	<u>36,527</u>	<u>20,686</u>	77%

Group's revenue in the current quarter was 9% lower than the immediate preceding quarter mainly due to lower sales volume of all palm products, mitigated by higher average selling prices.

Sales volume of CPO and PK for the current quarter were 14% and 16% below the immediate preceding quarter of 39,824 tonnes and 9,584 tonnes respectively mainly affected by lower FFB production. Average selling price per tonne of CPO and PK were 6% and 9% higher than the immediate preceding quarter of RM3,798 and RM2,128 respectively.

Notwithstanding the lower revenue, Group's PBT for the current quarter was 84% higher than the immediate preceding quarter mainly attributable to the gain from fair value adjustments of biological assets of RM12.3 million as compared to a loss of RM21.1 million in the immediate preceding quarter.

3. Current year prospects

Malaysia's palm oil inventories at the end of April 2024 increased by 2% month-on-month to 1.74 million tonnes due to lower export which was 7% lower than the previous month. Average monthly CPO price in April 2024 was RM4,257 per tonne. The daily CPO prices which ranged between RM4,307.50 and RM4,519.50 per tonne in the first half of April 2024 closed significantly lower at RM3,859.50 per tonne at the end of April 2024. In May 2024, daily prices up to 17 May 2024 ranged between RM3,844.50 and RM3,949 per tonne.

This recent price correction in palm oil has reversed the previous premium over soft oils back to a discount, which could attract fresh buying interest from major palm oil importing countries and support prices in the near term.

Supply of soybean oil is expected to be higher in tandem with the higher projected global soybean production whereas global production of rapeseed and sunflower seed is expected to be nearly flat. Against this backdrop, palm oil exports may be dampened and limit any upside in CPO prices in the longer term. Conversely, stagnating global palm oil production, higher biodiesel mandates in Indonesia and higher crude oil futures due to fears of widening conflicts in Middle East, which may boost demand for palm oil as an option for biodiesel feedstock, are likely to limit global palm oil supplies and help to support CPO prices.

The Group continues to put concerted efforts to improve the overall efficiencies of its operations whilst practising good plantation husbandry to further improve FFB yield and extraction rates.

Overall, the Group expects its results for the financial year ending 31 December 2024 to be influenced by movements in commodity prices.

4. Variances between actual profit and forecast profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

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5. Profit before tax

	Quarter ended		Year-to-date ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	960	1,099	960	1,099
Dividend income from money market deposits	659	1,375	659	1,375
Gain on money market deposits at fair value	2,801	1,366	2,801	1,366
Interest expense	(827)	(812)	(827)	(812)
Depreciation and amortisation	(21,350)	(21,933)	(21,350)	(21,933)
Property, plant and equipment written off	(311)	(872)	(311)	(872)
Net gain on disposal of property, plant and equipment	43	108	43	108
Net gain from fair value adjustments of biological assets	12,290	2,332	12,290	2,332

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	9,466	8,054	9,466	8,054
- deferred tax	2,479	16	2,479	16
	11,945	8,070	11,945	8,070

The Group's effective tax rate for the current quarter and preceding year corresponding quarter 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.

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 24 May 2024.

8. Borrowings and debt securities

The Group does not have any borrowing nor debt security.

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

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

- (a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], a wholly-owned subsidiary of the Company, is the registered and beneficial proprietor of approximately 6,454 acres of land in the District of Kinabatangan, Sabah, designated as CL095310017 [the "Land"].

On 16 January 2012, Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"], claiming to act under a power of attorney dated 8 February 1977 ["Alleged PA"], purportedly sold the Land to Excess Interpoint Sdn Bhd ["EISB"] through a sale and purchase agreement ["Purported SPA"]. Based on this agreement, EISB entered a private caveat on the Land on 3 April 2012.

On 8 April 2016, RESB commenced a legal suit in the High Court, Kota Kinabalu ["KKHC"] against both HCH and EISB through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"], seeking the following:

- (i) A declaration that RESB is the rightful owner of the Land;
- (ii) Nullification of the Purported SPA and the Alleged PA;
- (iii) An injunction to prevent HCH from conducting further transactions or completing the Purported SPA;
- (iv) An injunction against EISB regarding any actions related to the Alleged PA; and
- (v) Legal costs and any other relief deemed appropriate by the Court.

On 24 April 2024, the KKHC ruled in favour of RESB, affirming its ownership and invalidating the Purported SPA and Alleged PA. The KKHC awarded RESB costs of RM40,000, payable by both HCH and EISB. The ruling confirms RESB's ownership and legal rights over the Land, providing a significant legal victory for RESB.

On 24 May 2024, EISB and HCH, represented by Messrs Ronny Cham & Co, filed and served a notice of appeal to the Court of Appeal Malaysia against the whole of the decision by the KKHC in respect of the KK RESB Suit delivered on 24 April 2024.

- (b) On 11 June 2012, Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC"] filed a legal suit against RESB in the KKHC vide originating summon no. BKI-24-127/5-2012 ["KK Suit"], claiming ownership of the Land based on an alleged deed of appointment of substitute attorney by HCH dated 24 June 2010. SYC's claims were predicated on the assertion that HCH had transferred all his interests in the Land to him under the Alleged PA.

SYC sought the following:

- (i) Recognition of his ownership and immediate possession of the Land;
- (ii) An order for RESB to cease harvesting and removing any items from the Land; and
- (iii) Legal costs and other appropriate relief.

On 24 April 2024, the KKHC delivered its ruling. It dismissed SYC's claims and ordered SYC to pay costs of RM40,000 to RESB. The ruling confirms RESB's ownership and legal rights over the Land, providing a significant legal victory for RESB.

On 24 May 2024, SYC, represented by Messrs Ronny Cham & Co, filed and served a notice of appeal to the Court of Appeal Malaysia against the whole of the decision by KKHC in respect of the KK Suit delivered on 24 April 2024.

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit attributable to owners of the Company (RM'000)	36,527	23,415	36,527	23,415
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	4.57	2.93	4.57	2.93

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

13. Dividends

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

14. Auditors' report on preceding annual financial statements

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2023 was not subject to any qualification.

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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

28 May 2024