

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2024**

	Quarter ended			Year-to-date ended		
	30.9.2024 RM'000	30.9.2023 RM'000	Increase/ (Decrease)	30.9.2024 RM'000	30.9.2023 RM'000	Increase/ (Decrease)
Revenue	177,259	164,555	8%	519,077	493,276	5%
Operating expenses	(120,802)	(132,493)		(391,669)	(418,692)	
Net other operating income	15,719	17,897		31,661	21,630	
Operating profit	72,176	49,959	44%	159,069	96,214	65%
Finance costs	(777)	(776)		(2,409)	(2,363)	
Profit before tax	71,399	49,183	45%	156,660	93,851	67%
Tax expense	(15,966)	(11,336)		(37,032)	(23,168)	
Profit and total comprehensive income for the period	55,433	37,847	46%	119,628	70,683	69%
Earnings per share (sen)						
Basic	6.93	4.73	46%	14.96	8.84	69%
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 30 SEPTEMBER 2024**

	As at 30.9.2024 RM'000	As at 31.12.2023 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,722,842	1,734,004
Current assets		
Inventories	106,522	100,916
Biological assets	40,246	20,433
Receivables	62,123	12,628
Tax recoverable	15,563	27,561
Money market deposits	503,117	395,724
Cash and cash equivalents	64,081	135,780
	<u>791,652</u>	<u>693,042</u>
TOTAL ASSETS	<u>2,514,494</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	1,890,920	1,825,671
	<u>2,018,737</u>	<u>1,953,488</u>
Less: Treasury shares	(841)	(841)
TOTAL EQUITY	<u>2,017,896</u>	<u>1,952,647</u>
Non-current liabilities		
Deferred tax liabilities	365,992	362,106
Lease liabilities	54,517	57,759
	<u>420,509</u>	<u>419,865</u>
Current liabilities		
Payables	65,004	44,816
Tax payable	136	47
Lease liabilities	10,949	9,671
	<u>76,089</u>	<u>54,534</u>
TOTAL LIABILITIES	<u>496,598</u>	<u>474,399</u>
TOTAL EQUITY AND LIABILITIES	<u>2,514,494</u>	<u>2,427,046</u>
Net assets per share (RM)	<u>2.52</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 30 SEPTEMBER 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	-	-	119,628	-	119,628
Dividends	-	-	(54,379)	-	(54,379)
At 30 September 2024	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,890,920</u>	<u>(841)</u>	<u>2,017,896</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	-	-	70,683	-	70,683
Dividends	-	-	(67,973)	-	(67,973)
At 30 September 2023	<u>1,475,578</u>	<u>(1,347,761)</u>	<u>1,804,985</u>	<u>(841)</u>	<u>1,931,961</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 30 SEPTEMBER 2024**

	Year-to-date ended	
	30.9.2024	30.9.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	156,660	93,851
Adjustments for:		
Non-cash items	35,731	45,903
Non-operating items	(43)	(224)
Dividend income	(2,000)	(2,267)
Net interest income	(786)	(695)
Operating profit before working capital changes	189,562	136,568
Net changes in working capital	(34,913)	(5,955)
Net tax paid	(21,059)	(29,080)
Net interest received	786	695
Net cash generated from operating activities	134,376	102,228
Cash flows from investing activities		
Dividend received from money market deposits	2,000	2,267
Increase in money market deposits	(98,547)	(71,714)
Proceeds from disposal of property, plant and equipment	43	224
Purchase of property, plant and equipment	(47,171)	(59,200)
Net cash used in investing activities	(143,675)	(128,423)
Cash flows from financing activities		
Dividends paid	(54,379)	(67,973)
Payment of lease liabilities	(8,021)	(8,421)
Net cash used in financing activities	(62,400)	(76,394)
Net change in cash and cash equivalents	(71,699)	(102,589)
Cash and cash equivalents at beginning of the period	135,780	166,336
Cash and cash equivalents at end of the period	64,081	63,747

Cash and cash equivalents comprise cash and bank balances.

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 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

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

As at 30 September 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	
	30.9.2024	30.9.2023
	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:		
- first interim (1.5 sen) under the single tier system approved by the Directors on 23 August 2023 and paid on 21 September 2023	-	11,995
- 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	-
Dividend in respect of financial year ending 31 December 2024:		
- first interim (1.5 sen) under the single tier system approved by the Directors on 26 August 2024 and paid on 24 September 2024	11,996	-
	54,379	67,973

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 15 November 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 15 November 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 30.9.2024 RM'000	As at 31.12.2023 RM'000 <i>(Audited)</i>
Contracted but not provided for - property, plant and equipment	57,859	32,142

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 24 May 2023 and 28 May 2024.

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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 RM177.3 million was 8% above the preceding year corresponding quarter mainly due to higher average selling price and higher sales volume of all palm products. Current quarter's average selling price per tonne of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] were RM4,098 and RM2,731 as compared to the preceding year corresponding quarter of RM3,924 and RM2,142 respectively. CPO sales volume for the current quarter was marginally higher at 36,777 tonnes whilst PK sales volume was 4% higher at 8,525 tonnes as compared to the preceding year corresponding quarter of 36,726 tonnes and 8,167 tonnes respectively.

Fresh fruit bunches ["FFB"] production was 12% higher in the current quarter due to seasonal yield trend and changes in cropping patterns. In tandem with this, CPO and PK production for the current quarter were also higher than the preceding year corresponding quarter by 9% and 5% respectively. Accordingly, unit production cost was lower in the current quarter.

Overall, Group's profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM71.4 million and RM55.4 million were higher than the preceding year corresponding quarter by 45% and 46% respectively whilst year-to-date Group's PBT and PAT at RM156.7 million and RM119.6 million were 67% and 69% higher than the preceding year corresponding period respectively.

Correspondingly, basic earnings per share for the year-to-date at 14.96 sen was 69% above the preceding year corresponding period of 8.84 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 30.9.2024	Immediate Preceding Quarter ended 30.6.2024	Increase/ (Decrease)
	RM'000	RM'000	
Revenue	<u>177,259</u>	<u>182,815</u>	(3%)
Profit before tax	<u>71,399</u>	<u>36,789</u>	94%
Profit after tax	<u>55,433</u>	<u>27,668</u>	100%

Group's revenue for the current quarter was 3% below the immediate preceding quarter mainly due to lower CPO sales volume and average selling price which were both 4% below the immediate preceding quarter of 38,288 tonnes and RM4,247 per tonne respectively.

Nevertheless, Group's PBT for the current quarter was 94% above the immediate preceding quarter, benefitted mainly from lower CPO unit production cost due to higher production volume and the gain from fair value adjustments of biological assets of RM12 million as compared to a loss of RM4.5 million in the immediate preceding quarter.

3. Current year prospects

Malaysia's palm oil inventories at end of October 2024 were 1.88 million tonnes, 6.32% lower than September 2024 on the back of lower production and higher exports. Malaysia's palm oil exports increased 11% month-on-month in October 2024 supported by stronger demand by India, China and the European Union. Daily prices of CPO in October 2024 trended higher from RM4,170.50 per tonne at the beginning of the month to close at RM4,735 per tonne at end of the month whilst prices for the first eleven days of November 2024 ranged from RM4,855 to RM5,157.50 per tonne. The revision of Malaysia's CPO export duty and increase in Indonesia's export duty reference price with effect from November 2024 have also fuelled demand and drove CPO prices higher.

The expectation of lower palm oil production in Indonesia, higher soybean oil prices and Indonesia pushing ahead with the implementation of its B40 biodiesel mandate are expected to support the current level of CPO prices.

The proposed increase in minimum wage rate from RM1,500 to RM1,700 per month with effect from 1 February 2025 will increase the group's cost of production in the future but this will be partly offset by the proposed increase in the threshold price for windfall tax levy by RM150 to RM3,650 for Sabah with effect from 1 January 2025. With the expected increase in production cost, the Group will continue to put concerted efforts to improve the overall efficiencies of its operations to mitigate the higher cost of production 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 continue 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.

5. Profit before tax

	Quarter ended		Year-to-date ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	1,031	872	3,195	3,058
Dividend income from money market deposits	623	538	2,000	2,267
Gain on money market deposits at fair value	3,357	2,630	8,846	6,778
Interest expense	(777)	(776)	(2,409)	(2,363)
Depreciation and amortisation	(21,172)	(21,318)	(63,733)	(64,843)
Property, plant and equipment written off	(319)	(1)	(657)	(897)
Net gain on disposal of property, plant and equipment	-	-	43	224
Net gain from fair value adjustments of biological assets	11,994	15,023	19,813	13,059

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

6. Tax expense

	Quarter ended		Year-to-date ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	14,182	7,881	33,142	20,836
- deferred tax	2,572	4,270	3,859	3,147
	<u>16,754</u>	<u>12,151</u>	<u>37,001</u>	<u>23,983</u>
In respect of prior periods				
- income tax	59	(815)	4	(815)
- deferred tax	(847)	-	27	-
	<u>(788)</u>	<u>(815)</u>	<u>31</u>	<u>(815)</u>
	<u>15,966</u>	<u>11,336</u>	<u>37,032</u>	<u>23,168</u>

The Group's effective tax rate (excluding tax in respect of prior periods) for the current quarter and year-to-date were lower than the statutory tax rate mainly due to certain non-taxable income for tax purposes.

The Group's effective tax rate (excluding tax in respect of prior periods) for the preceding year corresponding quarter and period were higher than the statutory tax rate mainly due to certain non-deductible expenses 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 15 November 2024.

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"], 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 EISB from conducting further transactions or completing the Purported SPA;
- (iv) An injunction against HCH 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. A case management has been fixed on 10 January 2025 for the Court of Appeal to give directions on the appeal.

- (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. A case management has been fixed on 10 January 2025 for the Court of Appeal to give directions on the appeal.

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	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
Profit attributable to owners of the Company (RM'000)	55,433	37,847	119,628	70,683
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	799,685	799,685	799,685	799,685
Basic EPS (sen)	6.93	4.73	14.96	8.84

(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.

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
20 November 2024